COPY

ERIC P. NEWMAN NUMISMATIC EDUCATION SOCIETY

6450 Cecil Avenue, St. Louis, Missouri 63105

Keith Strawn May 12, 1992
North Carolina Department of Archives & History
109 East Jones St.
Raleigh, NC 27611

Dear Keith:

Thank you so much for the information on the William A. Graham note from Brackettown, N.C. I was glad to learn that the archives had the $100 denomination. I presume you do not know of other denominations or holders of other notes as those people could have genuinely signed notes with real dates.

In my opinion the 1855 (1857) date on your note is fictitious. It probably was a guess and it does not seem correct. These notes have the words "Gold Mines" on them. Graham must have issued these during the mining period as there was no reason later to have pieces specially prepared in New York.

You will note the printer was a xylographer which would not have been up to date in 1855 because fine banknote engraving on steel was normal then. Lithography of course could have been used to save cost. As legislator, governor and Secretary of the Navy Graham would not have issued his own money after 1840 as he was too involved in political life.

Perhaps Max E. Williams who wrote the biographical digest of William A. Graham would help us. He also is editor of the Graham papers (see footnote in biographical dictionary entry). Would you write to him and ask him what he might know about the notes as he would be very interested if he does not know the answer already. Please send me a copy of your letter to him. He may also be easy to locate by telephone.

I look forward to hearing from you.

Sincerely,

Eric P. Newman

Mercantile Money Museum

Mercantile Tower
Seventh & Washington
St. Louis, Mo. 63101
314-421-1819

Mr. Keith Strawn August 21, 1992
North Carolina Department ofArchives and History
109 East Jones St.
Raleigh, NC 27611

Dear Mr. Strawn:

I am an associate of Mr. Eric Newman, with whom you have corresponded on several occasions. We have appreciated your help with the matter of the notes signed by William A. Graham coming out of Brackettown N.C., but we are also most anxious to get in touch with Mr. Max E. Williams and we have not heard from you in some time concerning this request.

If you have mislaid our correspondence or have been unable to attend to our request as yet, I look forward to hearing from you at the first possible opportunity.

If you have either an address or telephone number for Mr. Williams, that in itself would be of substantial help to us.

Thank you for your cooperation in these matters.

Sincerely,

Thomas Serfass
Curator

ERIC P. NEWMAN NUMISMATIC EDUCATION SOCIETY

6450 Cecil Avenue, St. Louis, Missouri 63105

Max R. Williams
Department of History
Western Carolina University
Cullowhee, NC 28723

November 17, 1992

Dear Mr. Williams:

I understand that you are writing a history covering the life of William A. Graham.

In our collection there is a $1 circulating note of Graham. It is unsigned and undated. It was lithographed in New York. A photocopy is enclosed. Its text indicates that it was issued during the gold mining period. Obviously Graham must have been operating some kind of a supply store and coin shortages brought about a need for a scrip issue.

There is a $100 note of the same issue in the North Carolina Archives, but it was not issued and contains an 1855 date which was added much later as a guess and probably is unreliable. I imagine the note was prepared circa 1830-1835.

In your historical research are you able to give us a few details relating to this note or the business that could have spawned it.

I look forward to your response.

Sincerely,

Eric P. Newman

Eric P. Newman

DICTIONARY OF NORTH CAROLINA BIOGRAPHY

EDITED BY
WILLIAM S. POWELL

VOLUME 2 D-G

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Chapel Hill and London

1986

committees of the North Carolina General Assembly. She died in the Presbyterian Home in High Point and was buried in Charlotte.

SEE: *Greensboro Daily News*, 31 Mar. 1957; *North Carolina's Capital, Raleigh* (1967); Peace College *Bulletin*, March 1972; Dr. William C. Pressly, letter to author, 26 Nov. 1974; Raleigh *News and Observer*, 31 Mar. 1957, 26 Apr. 1972, 18 Nov. 1973; Reference librarian, Jackson Library, University of North Carolina at Greensboro, letter to author (1 Jan. 1975); *Some Pioneer Women Teachers of North Carolina* (1955); University of North Carolina *Record*, 1949–50; Sidney Ann Wilson, *Personae: The History of Peace College* (1972).

GRADY L. E. CARROLL

Graham, Robert Davidson *(5 Dec. 1842–27 June 1905)*, lawyer, was one of the ten children and the fifth son of Susannah Sarah Washington and William Alexander Graham, governor of North Carolina, U.S. secretary of the navy, lawyer, and Whig politician. He attended the classical school conducted by Alexander Wilson at Melville in eastern Alamance County. Graham entered the freshman class of The University of North Carolina in 1859 and was one of the freshman declaimers at the commencement of 1860. He left the university to take up farming in Mecklenburg County. Upon North Carolina's secession in 1861, he joined Company D, Fifty-sixth North Carolina Regiment, of which his brother John Washington became captain in 1862, advancing to the rank of major in September 1863.

Graham succeeded David S. Ray as first lieutenant of Company D upon Ray's death in the Battle of Gum Swamp (22 May 1863) and later attained the rank of captain. He served in eastern North Carolina and in the Petersburg-Richmond area, and was especially commended for his performance during the Confederate attack on Plymouth (April 1864). Wounded seriously in the left leg during an attack on Grant's lines in March 1865, he was hospitalized near Richmond at the time of Lee's surrender on 9 April. Paroled by the Federals as soon as he was able to travel, Graham made his way back to North Carolina and resumed farming in Mecklenburg County.

In 1868, Graham was graduated with a bachelor of arts degree by The University of North Carolina; he later studied law and was admitted to the bar. In 1884 he was named secretary of the U.S. Civil Service Commission, and in 1886 he became chairman of the U.S. Board of Pension Appeals. From 1888 to 1898 he was the principal examiner of titles and contracts, U.S. General Land Office.

Each of Graham's six brothers who lived to maturity served in the Confederate armies, and each survived the war. The oldest, Joseph, became a physician in Lincoln County and later in Charlotte. Another brother, George Washington, also became a physician. Augustus Washington, James Augustus, and John Washington, like Robert Davidson, were attorneys. William Alexander, Jr., successfully combined agriculture and politics. As a Lincoln County farmer he was elected to two terms in the state senate and one in the house. From 1908 until his death in 1923, he served as North Carolina's commissioner of agriculture.

Robert Davidson Graham never married.

SEE: Samuel A. Ashe, *Cyclopedia of Eminent and Representative Men of the Carolinas of the Nineteenth Century* (1892), and *History of North Carolina*, vol. 2 (1925); Walter Clark, ed., *Histories of the Several Regiments and Battalions from North Carolina in the Great War, 1861–'65* (1901); J. G. deR. Hamilton and Max R. Williams, eds., *The Papers of William Alexander Graham*, vols. 2, 5, 6 (1959–76).

W. CONARD GASS

Graham, William Alexander *(5 Sept. 1804–11 Aug. 1875)*, lawyer, planter, and governor, was the eleventh child and youngest son of Joseph and Isabella Davidson Graham. He was born on Vesuvius Plantation, the family home in eastern Lincoln County. Both parents were staunch Presbyterians of Scotch-Irish ancestry; their progenitors had migrated first to western Pennsylvania before resettling in the more congenial climate of Mecklenburg County. An iron entrepreneur and sometime public servant, Joseph Graham (1759–1836) had achieved local fame as a young but dedicated Revolutionary officer. Isabella Davidson Graham (1762–1808) was the accomplished daughter of the John Davidsons whose Mecklenburg home, Rural Hill, was renowned as a seat of gracious living. John Davidson, himself a Revolutionary patriot, was a substantial farmer and practical blacksmith who, with his sons-in-law Alexander Brevard and Joseph Graham, pioneered the Catawba River valley iron industry. The Grahams and Davidsons were noted for their sagacity, frugality, diligence, and public spirit. William A. Graham embodied these familial traits.

Under the supervision of a devoted father, now a widower, young Graham enjoyed the pleasures of a rural boyhood, learned the rudiments of plantation and furnace management, and prepared for a professional career. He attended classical schools in nearby Lincolnton and Statesville before completing preparatory education in the Hillsborough Academy. In January 1821, after an examination by Professor William Hooper, he was admitted to The University of North Carolina. An active member of the Dialectic Society, Graham was an able, industrious student who shared first honors in the distinguished class of 1824.

Subsequently, as was customary for aspiring lawyers in that day, he studied with an established attorney. Graham's mentor was the eminent Thomas Ruffin, of Orange County, who later became an outstanding jurist and chief justice of the North Carolina Supreme Court. By March 1828, having received county and superior court licenses, Graham had established a practice as a member of the highly competitive Hillsborough legal community. Within a few years he became one of the more successful members of the North Carolina bar, maintaining a lucrative practice until his death. In time he owned three plantations worked by slave labor, although agriculture was never his primary interest.

It was always necessary that Graham earn a livelihood for himself and his numerous family, but clearly the law and agriculture were secondary in importance to his abiding preoccupation with public affairs. Prompted by a sense of noblesse oblige, he entered public life in the early 1830s just as new political alignments were emerging. Graham joined with other opponents of Andrew Jackson to form the Whig party. Associated with the Federal wing of that party in the state and nationally, he embraced Henry Clay's American System—supporting a national bank, a judicious tariff, federally financed internal improvements, and the distribution of excess treasury funds to the states. Despite the vicissitudes of sectional controversy and political

change, he remained a conservative but ardent Unionist. However, with other Southern Unionists, he was destined to experience grave disappointments as secession, Civil War, and Reconstruction became realities.

If officeholding is any criterion, few North Carolinians have enjoyed public confidence for so long as Graham. This fact is more notable because his aristocratic bearing seems incompatible with the rise of democracy which paralleled his years in politics. He was borough representative from Hillsborough in the legislatures of 1833, 1834, and 1835; and, after the constitutional reforms of 1835, he represented Orange County as a member of the House of Commons in the 1836, 1838, and 1840 legislative sessions. He was speaker of the House of Commons in the latter two sessions. From December 1840 to March 1843, he represented North Carolina in the U.S. Senate. There he generally supported Clay in his dispute with "His Accidency," President John Tyler, but not to the extent of endangering the national Whig party. Displaced by a Democratic legislature elected in 1842, Graham ran successfully for governor in 1844, defeating Michael Hoke, a formidable western Democrat. He was easily reelected in 1846. Thus he was North Carolina's governor from January 1845 to January 1849. Much of his attention was absorbed by the Mexican War, of which he disapproved; nevertheless, Governor Graham supported the national commitment and raised and officered a politically controversial North Carolina regiment. An able administrator, his governorship was characterized by concern for humanitarian causes and internal improvements, especially railroad development.

After declining European diplomatic appointments offered by Zachary Taylor, Graham agreed to become secretary of the navy in July 1850, when Millard Fillmore formed a cabinet that supported the proposed compromise measures then before Congress. Initially his role was largely political, as he promoted passage and acceptance of the Compromise of 1850. He viewed the compromise as the final resolution of long-standing sectional controversies. To both North and South he advocated moderation, advising the North that faithful execution of the Fugitive Slave Law was essential to perpetuation of the Union. Although he knew little of naval affairs and never fully grasped the significance of contemporary technological advances, Graham was an experienced administrator. He relied heavily on knowledgeable advisers such as career officer Matthew Fontaine Maury. Secretary Graham was the moving spirit in several notable activities including a constructive program of personnel reforms, exploration of the Amazon basin, and the Perry expedition to Japan. The authoritative naval historian Samuel Eliot Morison has characterized Graham as one of the best navy secretaries in the nineteenth century.

In the summer of 1852, the Whig party nominated Winfield Scott and William A. Graham as its presidential and vice-presidential candidates, respectively. Although Graham, with most Southerners, preferred Fillmore, he sought to reassure the South that Scott was sound on the slavery question. He failed. Scott carried only four states as Democrat Franklin Pierce even outpolled the Whig ticket in North Carolina by a narrow margin. This campaign, which revealed a fatal internal division, presaged the demise of the national Whig party. Northern and Southern Whigs had diverged irrevocably because of the moral dilemma over slavery. A disappointed Graham resettled in Hillsborough and sought to provide educational and social opportunities for his maturing progeny. He served in the North Carolina Senate of 1854, but declined other requests in the 1850s that he seek office. However, he refused to abandon his Whig principles, avoiding the temptation to join many political friends in the American party. Not until 1860, in the desperate crisis of a "house dividing," did he acknowledge the futility of Whiggery. Then he united with conservative men of all sections in founding and promoting the Constitutional Union party. The hope that moderate candidates might be elected proved vain. In December 1860, James Alexander Hamilton of New York made an abortive appeal to the Pennsylvania presidential electors that they vote for Graham for president as a possible means of preserving the Republic.

After the election of Abraham Lincoln, Graham, who was sounded unofficially about a post in the new cabinet, counseled patience and conciliation. He urged North Carolinians to rely on the Constitution as a sufficient guarantor of their rights, advising that there would be time enough to seek proper remedies after an overt, illegal action by the national government. In February 1861, with the Confederacy a reality, Graham led Union men in defeating a statewide referendum to call a convention to consider disunion. However, after the firing on Fort Sumter and Lincoln's call for troops, he accepted the inevitable, declaring that "blood was thicker than water." Although he abhorred secession, he was overwhelmingly elected to represent Orange County in the Constitutional Convention of May 1861. In opposition to the original secessionists, now in the ascendancy, Graham stood unsuccessfully for the convention presidency and supported an abortive resolution upholding the right of revolution as the appropriate response to tyranny. Only when there seemed no honorable alternative did William A. Graham cast his vote for secession.

Having done his best to prevent disunion, Graham supported the Confederate cause to the extent his principles allowed. With Thomas Ruffin, he negotiated the terms by which North Carolina would enter the Confederate States of America; and he remained an active participant in the deliberations of the Convention. But the Civil War was troublesome to him and to many other Southern Unionists. On the one hand, five of his sons were Confederate officers and innumerable relatives and friends were involved militarily. (Three nieces were married to Confederate generals "Stonewall" Jackson, Daniel Harvey Hill, and Rufus Barringer.) Their commitments had to be adequately sustained by his political and economic efforts; but, on the other hand, the rights of the states and the citizenry had to be protected against the encroachments of a government at war. Herein lay the fatal flaw—how could a nation predicated on state sovereignty command the unity necessary to win the war? Graham became the champion of personal liberties, constitutional government, and states' rights. As such, he was a frequent critic of the Davis administration. He sometimes found himself in strange company. He was allied with old-line Whigs, Americans, and former southern rights Democrats—most surprisingly, perhaps, his erstwhile adversary William W. Holden.

In the spring of 1862, in order to replace Governor John W. Ellis who had died in office the previous July, Holden, indefatigable editor of the *North Carolina Standard*, encouraged Graham to run for governor and praised him in extravagant terms editorially. Graham declined, but joined Holden and many old Unionists in electing the popular Zebulon B. Vance. Subsequently, he and Holden were among Vance's most intimate ad-

visers. Eventually the three men diverged in their views, and each came to represent a discernible segment of North Carolina opinion. While protecting the state's interests, Vance became convinced that honor required a fight to the finish. Meanwhile, by the summer of 1863, Holden was disenchanted to the extent of promoting a movement looking to separate peace initiatives by individual states. Both men sought the endorsement of Graham, who publicly affirmed confidence in Vance. Nevertheless, by 1864 Graham, now a Confederate senator and an open opponent of the Davis government, hoped earnestly for a negotiated peace based on the *status quo ante bellum*. He was a moving spirit in the fruitless Hampton Roads Conference of 3 Feb. 1865. He favored reunion over independence but balked at talk of emancipation. His conservative racial views caused him to oppose the enlistment of slaves in Confederate armies. If slavery and the accompanying social system were abolished, he believed, all was lost.

When the end was in sight, Graham left Richmond to warn Vance that the Confederacy was collapsing and to advise that North Carolina should look to its own interests. Vance demurred but authorized Graham and David L. Swain to surrender Raleigh to William T. Sherman, whose armies menaced the capital. This they did, though some North Carolinians never fully understood their motives. Years later, after both Swain and Graham were dead, Vance disparaged their realistic service to the state.

Reconstruction was particularly frustrating for Graham. He felt as though he and other former Unionists should be quickly rehabilitated politically so as to lead in the process of reunion. Instead, because of his service to the Confederacy, he was forced to apply for pardon—necessarily seeking the endorsement of William W. Holden, now provisional governor of North Carolina. His pardon application of July 1865 revealed the plight of Southerners who had worked to preserve the Union until they saw no honorable alternative. But, ironically, Holden, the erstwhile secessionist turned peacenik, was in a commanding position. Graham's pardon was delayed on the pretense that he was inopportunely critical of presidential Reconstruction. Nevertheless, he was elected to the state senate in November 1865, but declined to be seated before his pardon. In early December the legislature elected him to the U.S. Senate. He presented his credentials to that body, having been assured that admission to Congress would automatically result in the full restoration of his citizenship. But he, with others elected under the Johnson Reconstruction plan, was denied his seat. Congress had begun to assume direction of the Reconstruction process. Needless to say, the Congressional Reconstruction acts, the activities of the Union League, the organization of the Republican party, the measures adopted by the Constitutional Convention of 1868, and the election of Holden as governor galvanized Graham's opposition to imposed reunion, which he considered grossly unjust. Universal manhood suffrage for blacks, whom he deemed unprepared for full political responsibilities, was particularly galling to Graham whose own disabilities prevented him from voting and holding office. He became an outspoken advocate of the conservative position and of white supremacy. Although he never held public office after 1865 (his disabilities were not removed until 1873), William A. Graham was a leader of the redemption movement in North Carolina. Except for his role as a prosecutor in the impeachment trial that removed Holden from office in March 1871, his influence was manifest in the activities of old friends and younger men, especially his son John W. Graham, Plato Durham, and the fiery Josiah Turner, Jr. An advocate of further constitutional reform, he was elected a delegate to the Constitutional Convention of 1875, but died before it assembled.

Ironically, Graham's national reputation was more easily regained. He carried on an extensive correspondence and was evidently widely esteemed. In 1867, he was appointed to the original board of Peabody Fund Trustees and served faithfully in that capacity until his death. He was also on the arbitration commission to settle the Virginia-Maryland boundary dispute, and by 1875 he had become the principal figure in the long-delayed deliberations of that group.

On 8 June 1836, Graham married Susannah Sarah Washington (1816–90), daughter of John and Elizabeth Heritage Cobb Washington of New Bern. Their long union was felicitous and productive. The Grahams had ten children, eight of whom survived both parents. Their offspring were Joseph (1837–1907), John Washington (1838–1928), William Alexander (1839–1924), James Augustus (1841–1909), Robert Davidson (1843–1904), George Washington (1847–1923), Augustus Washington (1849–1936), Susan Washington (1851–1909), Alfred Octavius (1853–54), and Eugene Berrien (1858–63). All who survived childhood were afforded an excellent education and achieved notable careers in their own right. Four sons were attorneys, two were physicians, and one—William Alexander, Jr.—was a planter and North Carolina commissioner of agriculture. Susan Washington Graham married Judge Walter Clark.

Graham died unexpectedly at Saratoga Springs, N.Y., where he had gone to attend a meeting of the Virginia-Maryland Arbitration Commission. He was buried in the cemetery adjacent to the Hillsborough Presbyterian Church. His memory is perpetuated in the name of a small city in Alamance County and a county in western North Carolina. A marble bust of Graham adorns the capitol building in Raleigh and an oil portrait by William Garl Browne hangs in the Museum of History, Raleigh.

SEE: Edwin Rudy Andrews, "'Poor and Unknown and Very Industrious:' A Study of W. W. Holden the Person" (M.A. thesis, Western Carolina Univeristy, 1976); *Descendants of James Graham (1714–1763) of Ireland and Pennsylvania* (1940); William A. Graham, *General Joseph Graham and His Papers on North Carolina Revolutionary History* (1904); J. G. deR. Hamilton and Max R. Williams, eds., *The Papers of William A. Graham*, vols. 1-8 (1957- [vol. 8 in preparation]); Max R. Williams, "Secretary William A. Graham, Naval Administrator, 1850–1852," *North Carolina Historical Review* 48 (1971), and "William A. Graham, North Carolina Whig Party Leader, 1804–1849" (Ph.D. diss., University of North Carolina, 1965).

MAX R. WILLIAMS

Graham, William Alexander, Jr. *(26 Dec. 1839–24 Dec. 1923)*, farmer and state commissioner of agriculture, was born in Hillsborough, the third of nine sons of William Alexander Graham, a governor of North Carolina and secretary of the navy, and Susannah Sarah Washington Graham, daughter of John Washington of New Bern. Through his father, William A. Graham, Jr., was related to some of the most influential families of Piedmont North Carolina: the Alexanders, Brevards, Davidsons, Morrisons, and Witherspoons. He received his early education in the various places where his fa-

$ 2.55

MONEY, BANKING, AND BURKE COUNTY IN THE ANTE-BELLUM ERA

By Edward W. Phifer*

Shortly after New Years, 1795, John Brown, a land agent from Lewistown, Pennsylvania, appeared in Burke County, his pockets sagging with hard money which he had hoped to exchange for State currency in order that he might, through certain machinations, make purchases of public land. This "prock" or proclamation money he found hard to come by. The paper money introduced during the Revolutionary and Colonial periods had been repudiated and was almost completely worthless. In place of continental currency and State bills of credit or "state dollars," the legislature had authorized, in 1783 and 1785, the emission of £200,000 of paper money. In addition, the State had issued certificates to remunerate soldiers for back pay, for bonuses or for bounty and these also were considered acceptable as currency. An occasional coin of the United States or a few Spanish-milled dollars circulated in the community and even a note of the Bank of the United States at Philadelphia or the Bank of South Carolina at Charleston might rarely be encountered. Due bills of individuals and certain institutions were utilized by people searching frantically for a medium of exchange.[1]

At this time there was not a commercial bank in the State. If Brown had returned ten years later he would have found the situation little changed. The Bank of the Cape Fear and the Bank of Newbern had been chartered in 1804. A branch

* Dr. Edward W. Phifer is a practicing surgeon in Morganton. This article was originally read at the joint meeting of the North Carolina Literary and Historical Association and the Western North Carolina Historical Association, July 25, 1959.

[1] A. R. Newsome (ed.), "John Brown's Journal of Travel in Western North Carolina, in 1795," *The North Carolina Historical Review*, XI (October, 1934), 290-291, and *passim*; William K. Boyd, *Currency and Banking in North Carolina, 1790-1834* (Historical Papers, Series X, Trinity College History Society, 1914), 4-10; Walter Clark (ed.), *The State Records of North Carolina* (Winston, Goldsboro, Raleigh, and Charlotte: The State of North Carolina, 16 volumes and 4-volume index [compiled by Stephen B. Weeks for both *The Colonial Records* and *The State Records*], 1895-1914), XXIV, 475, 722.

of the Bank of the Cape Fear was established at Salisbury in 1808 and by 1814 this same banking house had established offices at Charlotte and Salem. But no attempt was made to extend banking service west of this Salem-Salisbury-Charlotte line until the agency of the State Bank of North Carolina was established at Morganton more than ten years later.[2] Meanwhile, a chaotic and fluctuating currency system existed which could only act as a depressant to healthy economic advancement. Other factors arose to complicate the currency problem and add to the confusion. In the early eighteen thirties Morganton was reputed to be a "nest of counterfeiters," the most notorious of these being a man named Twitter who was aided and abetted by his son and also by a certain Hooper. As one transient observer wrote waspishly to his brother in New England:

> This county [Burke] and that of Bunkome [sic] are situated amidst the Blue Ridge and the inhabitants are a set of cut throats and savages, with some exceptions. There has been a set of counterfeiters, here for more than 20 years, and they have within a few weeks seized one of them old Twitter, who has carried on the business for nearly forty years [prior to 1833].[3]

Furthermore, there was a world-wide and nation-wide scarcity of gold and silver before 1830 and this was a much aggravated condition in agrarian North Carolina. Specie flowed from the undeveloped Piedmont, down the navigable rivers to the bustling centers of commerce and trade. In western Carolina, an excess of imports over exports on both a regional and national scale, which is technically referred to today as an "adverse balance of payments," created a constant drain on gold coin and the Spanish milled dollar. Emigrants carried it with them as they moved further west and like Long

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[2] James S. Brawley, *The Rowan Story* (Salisbury, 1953), 105, 274; *Star* (Raleigh), June 21, 1811; *Catawba Journal* (Charlotte), January 31, 1826, and November 27, 1827; Colin McIver, *The North Carolina Register and United States Calendar* (Raleigh, 1822), 82; Branson B. Holder, "The Three Banks of the State of North Carolina, 1810-1872" (unpublished dissertation, University of North Carolina Library, 1937), 177*n*, hereinafter cited as Holder, "The Three Banks of the State."

[3] B. C. Steiner (ed.), "The South Atlantic States in 1833, as seen by a New Englander (Henry Barnard)," *Maryland Historical Magazine*, XIII (1918), 344-345.

John Silver's parrot, Cap'n Flint, the merchants and farmers in the western counties cried out continuously for "pieces of eight." In spite of all this, the three years prior to 1818 were considered to be years of extraordinary trade activity in North Carolina.

Finally, in 1810 a charter had been granted to permit the establishment of The State Bank of North Carolina with a threefold purpose in mind:

First, to retire the State treasury emissions of 1783 and 1785 with simultaneous issuance of State Bank notes which would circulate at par value outside the State as well as inside.

Second, to create revenue for the State, which would be derived from the dividends on the bank stocks it had purchased.

And lastly, to unify the banking system of the State through absorption of the two other banks then in operation within the State—namely, the Bank of Cape Fear and the Bank of Newbern.

The principal office of the State Bank was established at Raleigh with William Polk, a cousin of James K. Polk, as the first president and with Jacob Johnson, the father of President Andrew Johnson, as the first janitor. Branches were initially placed at Wilmington, Fayetteville, Edenton, New Bern, Tarboro, and Salisbury. The capital of the bank, including all its branches, was not to exceed $1,600,000 divided into one hundred dollar shares. The westernmost branch at Salisbury was capitalized at $200,000. In 1817 a branch of the Bank of the United States was located at Fayetteville.[4]

Thus the matter rested until the middle of the eighteen twenties when an agency of the State Bank was established at Morganton with William Willoughby Erwin as agent. About sixty years of age, Erwin had been Clerk of the Superior Court of Burke County for forty years. An active churchman, father of a large family and successful businessman-farmer, he gave to the office integrity and respectability, but there is no reason to presume that he had any prior knowledge of banking. Furthermore, these were trying

[4] Holder, "The Three Banks of the State," 101, 206, 407-408.

Stock certificate of the Morganton branch of the Bank of North Carolina

times in the banking business. The period from 1826 until the middle 'forties was a time of financial distress in North Carolina. Economic conditions had improved in 1823 following the collapse of 1819, but by 1826 a state of economic depression had again set in exemplified by low farm prices and emigration from the State. The bank had paid a dividend of 10 per cent in 1817 with a 17 1-2 per cent extra dividend and had continued to pay 8-10 per cent until 1827 when the dividend was reduced to 6 1-2 per cent and in 1828 to 2 1-2 per cent.[5]

After that, "the bloom was definitely off the rose." Soon it began to curtail its operations and call in its loans preparatory to liquidation, and it announced publicly in May, 1829, that, "Col. Isaac T. Avery has been appointed to close the business of the office of Discount of the State Bank at Morganton, in the place of Col. William Erwin, resigned. . . ."[6] Avery was William Erwin's son-in-law, and at forty-four years of age was a prosperous farmer and widely-known State politician. Apparently, however, his only previous contact with the banking business had occurred in the legislative session of 1810 when he had cast his vote as a representative against chartering The State Bank of North Carolina. Yet it became his duty to liquidate the holdings of this Bank and almost simultaneously to establish an agency of a new bank called The Bank of the State of North Carolina, which was chartered in 1833 and began operations in 1834. At the time of Avery's appointment in 1829, the Morganton agency held discounted notes equal to slightly less than $90,000, of which amount it was estimated that the bank would fail to recover almost $12,000. This estimated loss was slightly greater than the estimated loss on notes held by all branches of the bank. The Morganton agency held no real estate or bills of exchange, however, where the estimated loss was 23 per cent and 52 per cent respectively. The estimated loss on total assets of the bank was 14 per cent which is approximately the same as that of the Morganton agency. In spite of all

[5] Legislative Document, 1831-1835, Number 8, "Report of Select Committee on Amount of Dividends and Bonuses."

[6] *North Carolina Free Press* (Tarboro), May 15, 1829.

this, the ultimate sum total of the liquidating dividends on the State Bank stock amounted to at least $100 a share.[7]

When the second State bank began operations in 1834, Isaac T. Avery was elected cashier of the Morganton agency and Adolphus Lorenzo Erwin, a Morganton lawyer and William W. Erwin's oldest son, was elected president. The main functions of the agency were to make loans and receive deposits since it was not authorized to issue bank notes—an operation which was performed only by the branches. In 1844 Adolphus Erwin moved from Morganton to Pleasant Gardens, McDowell County, and Robert Caldwell Pearson was elected president of the Morganton bank. Pearson was an able executive with a reputation for probity and he piloted the bank through some of its most profitable years.[8]

Throughout the 'thirties, the Bank of the State was whipsawed by political controversy and economic depression. Capitalized at $1,500,000, it began operation in 1834 with four branches and five agencies none of which were in the west except those at Charlotte and Morganton.[9] Duncan Cameron was elected president of the principal bank at Raleigh and Charles Dewey was elected its cashier. On September 26, 1833, United States President Andrew Jackson issued an order for the transfer of the deposits of the federal government from the Bank of the United States to certain State banks which he designated. This was the climatic move in his conflict with Nicholas Biddle, the president of The United States Bank. Jackson's enemies felt that this precipitant action had an unsettling effect on the economy of the nation and was largely responsible for the contraction of credit which occurred during the 'thirties. Says a modern authority with the wisdom of hindsight, "The current distress was due, moreover, not merely to the amount of credit cur-

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[7] Holder, "The Three Banks of the State," 251-254.

[8] Turner and Hughes, *North Carolina Almanac*, 1838-1860, *passim*.

[9] Branches were at New Bern, Fayetteville, Tarboro, and Elizabeth City. Agencies were at Charlotte, Morganton, Leaksville, Milton, Windsor, and Wilmington. The only records that have been preserved from either of the branches or agencies of either of the three banks are those of the Elizabeth City branch of which John C. Ehringhaus was cashier.

tailment but to the destruction of confidence." [10] Undeniably Jackson's act destroyed the federal system of central banking and left the nation bereft of any instrument with which to create and maintain a uniform, stable currency. Business leaders in western North Carolina felt that this was a particularly critical period for their section. They were extremely anxious to develop the gold-mining industry and were in dire need of credit expansion to produce capital for the enterprisers. Instead they found the State banks, as well as the federal bank, calling in their loans and notes in anticipation of liquidation and the newly chartered banks of the State were not yet in operation. This created an abnormal scarcity of currency and credit. In the fall of 1833 it was noted that "Bills of exchange drawn on the house of James Hamilton and Son, by the Gold Mining Company of Burke, consisting of Robards, Turner, Robert Hamilton and P. Hamilton, and payable to the Chemical Bank at New York, have been put in circulation in the western part of the State, and from the known wealth and integrity of the company and the great dearth of State money, are answering a great public convenience." [11] This generous gesture afforded some relief but the effect was partially vitiated due to the fact that these bills were not acceptable for taxes, could not be considered currency by the banks, and therefore always circulated at a discount. The people were forced to resort to outmoded and risky methods of exchange as when Thomas Lenoir took a personal note "payable in Salt at $2.00 pr. bu." and reluctantly accepted "a very ragged bad looking S. C. [South Carolina] bank Bill" as payment on a personal note which he was holding.[12] It became necessary to pay for goods and services with promissory notes and leading merchants accumulated these in large numbers. Loans made by the agency of the

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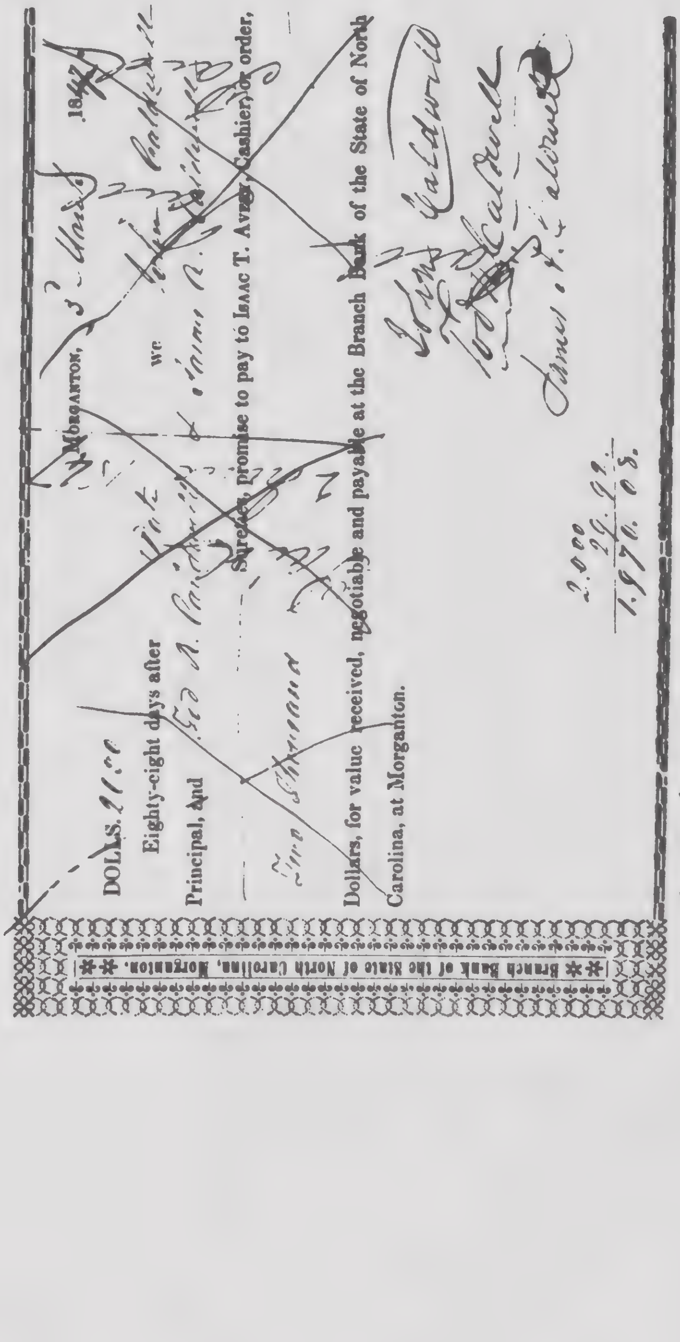
[10] Bray Hammond, *Banks and Politics in America from the Revolution to the Civil War* (Princeton, 1957), 435, hereinafter cited as Hammond, *Banks and Politics in America.*

[11] *Free Press* (Tarboro), November 15, 1833.

[12] Thomas Lenoir Diary, 1833-1849, intermittent, entries of June 16, 1834, and January 3, 1835, Lenoir Family Papers Southern Historical Collection University of North Carolina, Chapel Hill.



Branch Bank of the State of North Carolina, Morganton.

MORGANTON, 1847.

DOLLS. 2100

Eighty-eight days after ... we

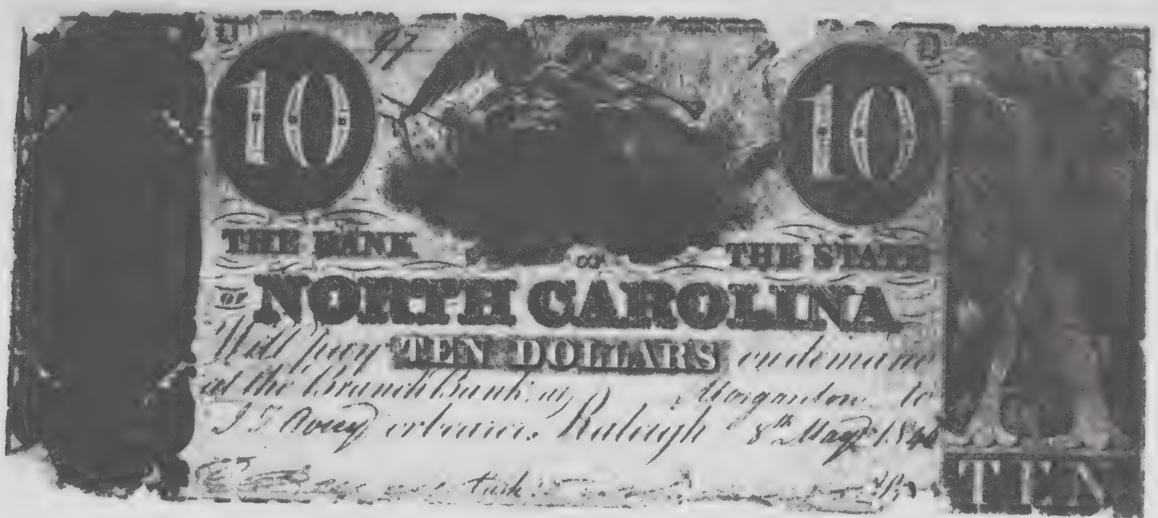
Principal, and

Sureties, promise to pay to ISAAC T. AVERY, Cashier, or order,

Dollars, for value received, negotiable and payable at the Branch Bank of the State of North Carolina, at Morganton.

2.000
29.92
1.970.08

Promissory note of the Morganton Bank, observe the cancellation mark "Paid"



Bank note for ten dollars of the Morganton branch of the Bank of North Carolina

bank were often in default and it was common practice to resort to the courts for collection.[13]

Bank note speculators or brokers operated in the vicinity but "were largely concerned in the trade with Georgia Money. . . ." It must be explained that because of the shortage of United States and North Carolina bank money, there was a heavy influx of bank notes from adjoining States. However, the Bank of Macon had failed a short time before and, consequently, "Georgia Money" was not acceptable to many people in this locality. As one contemporary Burke County writer put it, "a Miner would perish in this Community, with his pockets full of Chatahooche [*sic*] Notes. . . ."[14] Nor did it help matters any, when, in 1834, the United States Mint established a new ratio of silver to gold of sixteen to one. This undervalued silver and drove it out of the country.

In March, 1834, Morgantonian Samuel Hillman, with a canny eye for blaming the "mess in Washington" on President Jackson, wrote indignantly to Senator Mangum:

> I stated to you in my last that the notes of the Bank of United State's were fast receding from circulation among us, that our local banks are on the eve of winding up their business and had been for some years collecting in their notes, that the agency of the State Bank at this place had been discontinued—and that a note on either of our State Banks was now rarely to be met with—I stated further that our principal markets were Charleston and Augusta and that for some time past our principal circulating medium in this part of the State had consisted of Georgia and South Carolina Bank notes—That since the removal of the Deposits the usual Bank accommodations were withheld at both those market towns the consequence of which had been a great depression in the price of produce and that Southern money was becoming very scarce and that we were left almost entirely without a circulating medium.[15]

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[13] See Erwin-Avery Papers, in possession of Adelaide Erwin White, Morganton; see also Henderson-Caldwell Papers, Southern Historical Collection, hereinafter cited as Henderson-Caldwell Papers. Items in these two collections verify the prevalence of negotiable personal loans and the frequency of court actions to collect the bank's loans.

[14] Henry T. Shanks (ed.) *The Papers of Willie Person Mangum* (Raleigh: State Department of Archives and History, 5 volumes, 1950-1956), II, 107-111, Isaac T. Avery to Willie P. Mangum, February 28, 1834, hereinafter cited as Shanks, *Mangum Papers*.

[15] Shanks, *Mangum Papers*, II, 112-115, Samuel Hillman to Mangum, March 1, 1834.

Because of the removal of the deposits, large-scale farmers as well as business and professional people of the county quickly became disenchanted with the Jacksonians, and moved to defend the national bank. In a public meeting at the courthouse during the January term of court, 1834, resolutions were adopted condemning the act and petitioning Congress for counteraction.[16] These resolutions were widely publicized and were presented to the United States Senate by Senator Willie P. Mangum. Senator Bedford Brown, a Jackson supporter, denied that the resolutions represented the sentiment of the majority of the people of Burke County and they were denounced by the Jacksonians and by Senator John Forsyth of Georgia in particular. Whereupon, a second meeting was convened during March term of court, at the courthouse in Morganton, when a second set of resolutions were adopted, the right of petition defended, and the behavior of Brown and Forsyth condemned. The resolutions committee particularly found cause to vent their spleen on Senator Forsyth who evidently had referred to their initial document as "a miserable petition gotten up by pot house politicians."

Actually, the petition was supported by the best informed men in the community including the former congressman Samuel P. Carson; his brother, the physician John W. Carson; the lawyers Adolphus Erwin, Samuel Hillman, Burgess S. Gaither, and William Roane; the schoolteacher William Greenway; the merchant John Caldwell; the local bank cashier Isaac T. Avery; the clerk of the county court Joseph J. Erwin; and the successful farmers William Dickson, Charles McDowell, David Corpening, and William B. Hawkins.[17] The most able local champion of the administration position was Joshua Forman of Rutherfordton.[18]

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[16] Twenty-Third Congress, First Session, House Document Number 117; Shanks, *Mangum Papers*, II, 82 *n*.

[17] Shanks, *Mangum Papers*, II, 81-83, 112-115, Samuel Hillman to Mangum; II, 107-111, Isaac T. Avery to Mangum; 127-130, copy of Burke County Resolutions; 135-137, John W. Carson to Mangum; Henderson-Caldwell Papers, Folder Number 11, G. W. Stinback to John Caldwell.

[18] Shanks, *Mangum Papers*, II, 107-111, Avery to Mangum, February 28, 1834. Joshua Forman (1779-1848) came to North Carolina in 1829, having already distinguished himself in his native New York by his bold resourcefulness and energy in matters pertaining to industry, commerce, and fi-

With this economic picture in the background, it is not difficult to imagine the handicaps under which the Morganton bank labored in managing its loans and discounts and the hazards to which it was subjected in executing currency exchange. However with regard to the old problem of metallic reserves, it was now placed in a most favorable position due largely to its geographical location. The banks at Charlotte and Morganton were the only branches or agencies in the gold-mining area. Gold was first discovered in Burke and Rutherford Counties in 1828 but it was not until July 31, 1829, that yields became sufficiently large to entice the Morganton bank to begin to engage in the purchase of bullion. In a period of eight months thereafter, the agency purchased 300,000 pennyweight of gold bullion at eighty-four cents a pennyweight and in the months immediately following this, the purchases averaged in value more than one hundred dollars a day.[19] Large purchases continued to be made until 1835, when "the high price of cotton drew off the greater portion of the [labor] force to the southwest."[20] Nevertheless, some bullion continued to be bought by the bank until well into the eighteen forties. Contemporary accounts of how these gold transactions were handled are unusually vague but from them the careful reader can glean a general impression. It seems fairly definite that the bank purchased bullion at the mint value and was compensated for the interest on the "advance" which it made to the seller and for the "risque of transportation" by receiving a premium on the mint certificate which, in turn, it received from the mint in payment for the gold.[21] Prior to 1835 the gold was minted at Philadelphia but after this date it was handled at the branch mint in Charlotte. Due

nance. His keen perception of banking is well demonstrated by the state-wide Safety Fund Act which he proposed in New York and which was adopted with some modifications. The act embodied the seminal principles of deposit insurance which were finally utilized by the Franklin Roosevelt administration in 1933 and have been an important adjunct to the banking system of the nation since that time. Hammond, *Banks and Politics in America*, 556-559.

[19] Twenty-Second Congress, First Session, House Report Number 39, 23, Isaac T. Avery to S. P. Carson, April 3, 1830.

[20] John H. Wheeler, "Report on Gold Mines of North Carolina," *The American Almanac*, 1841 (Boston: David H. Williams), 211-217.

[21] Shanks, *Mangum Papers*, II, 107-108, Avery to Mangum.

to this traffic in gold, the Morganton bank was relatively immune to the antics of the bank note brokers, so long as most of the other banks in the nation remained on a specie paying basis, but once this ceased to be the case, any bank which attempted to maintain specie payments suffered an alarming drain on its gold reserves. Accordingly, the Bank of the State of North Carolina did suspend specie payments in 1837, 1839 to 1842, and for a short time in 1857.

The depression beginning in 1837 struck bottom in 1842. The low point in note circulation, number of banks in the nation, specie on hand, and loans made, all occurred in this year. Some time prior to 1846, the Morganton agency was converted to a branch bank with a capitalization of $100,000.[22] As early as 1846, it began to circulate its own currency.[23] According to the charter, the note circulation of each branch of the Bank of the State of North Carolina was limited to twice the amount of paid-in capital. The note circulation of each branch was reported annually and these figures show that the circulation of the Morganton branch never exceeded $180,000 and often was below $100,000. Usually the circulation of all branches combined was less than $1,500,000.[24]

Thus it can be seen that at no known time did the Morganton branch exceed its privileges under the charter with regard to currency circulation. The decrease in the late years was associated initially with the depression of 1857 and subsequently with the anticipated expiration of the charter. In the early history of the State Bank, it was bitterly criticized for making large loans to directors and major stockholders. In November, 1844, the Morganton branch reported that of all "Bills and Notes Discounted" there was "due by Directors $4,700.00" and "by other Stockholders none." This is the only

[22] J. B. D. DeBow, *The Industrial Resources of the Southern and Western States* (New Orleans, 1852), 176.

[23] Photocopies of notes of Morganton branch dated 1846 are in possession of writer, as are copies of several borrower's notes and stockholders certificate.

[24] Legislative Documents, 1854-1855, Document Number 7, 15; Legislative Documents, 1857-1858, Document Number 23, 25; Legislative Documents, 1858-1859, Document Number 23, 75; Legislative Document, 1860-1861, Document Number 14, 75. Note circulation for Morganton branch each November was as follows: 1849-$123,015; 1851-$178,362; 1853-$167,016; 1854-$155,438; 1857-$95,000; 1858-$93,224; 1859-$91,798.

extant record of this type of report from the Morganton branch.[25]

Due to the fact that the stockholders could not be satisfied with regard to the terms of the renewed charter, it became necessary to liquidate the Bank of the State in 1860. This process was carried out without difficulty. The period from 1850 to 1860 had been one of great prosperity in North Carolina and the bank was in excellent condition. Its assets and obligations were transferred to a newly chartered bank, which was called The Bank of North Carolina, after liquidating dividends amounting to 104 per cent had been paid to its stockholders. During the late 'thirties and 'forties, it had paid an annual dividend of five per cent to eight per cent after taxes and during the prosperous 'fifties it had paid 10 per cent to 15 per cent annually.[26]

The new bank was capitalized at $2,500,000. George W. Mordecai, who had served as president of the Bank of the State since the retirement of his father-in-law, Duncan Cameron, in 1849, became president of the Bank of North Carolina when it was chartered in 1859. The charter stipulated that the issuance of notes be limited to twice the paid-in capital or three times the specie reserve, whichever proved to be smaller. Branches were established at Wilmington, Fayetteville, Tarboro, Windsor, Milton, Charlotte, Morganton, and later at Salisbury and New Bern. Agencies were established at Statesville, Goldsboro, and Warrenton. An initial incomplete stock subscription of $60,000 was obtained in the town of Morganton. The branch located there was capitalized at $150,000. The directors were Thomas George Walton, Dr. Samuel Tate, William M. Walton, John Rutherford, and William Crawford Erwin. The president of the bank, Thomas G. Walton, was to receive a salary of five hundred dollars a year and the cashier, Edward Jones Erwin, was to receive a salary of twelve hundred dollars a year.[27] Erwin was a son of the first agent of the State Bank; was a brother of Adol-

[25] Legislative Documents, 1844-1855, Document Number 23, November 23, 1844.

[26] Hershal L. Macon, "A Fiscal History of North Carolina, 1776-1860," 376 (doctoral dissertation, University of North Carolina Library).

[27] Thomas G. Walton Papers, Box 2, University of North Carolina Library.

phus Erwin, the first president of the Bank of the State; and was a brother-in-law to Isaac T. Avery, the recently retired agent and cashier of the Morganton bank. The president, Thomas G. Walton, and the director William M. Walton were brothers, and were sons of Thomas Walton, a prosperous merchant. William C. Erwin was a merchant-farmer and a brother-in-law to Thomas G. and William Walton. The other two directors were not close relatives of the coterie that had controlled the bank since its conception, thirty-five years before. Tate was a retired physician and land speculator, Rutherford was a wealthy farmer with his home at Bridgewater on Muddy Creek.[28]

The Bank of North Carolina had a short life. All of its branches and agencies were closed by August 9, 1865. With the collapse of the Confederacy it became obvious that the banks of the South could no longer continue to operate. The assets of the Bank of North Carolina consisted largely of notes and bonds of the State of North Carolina and of the Confederate States, all of which were worthless. Its slow process of liquidation continued for long after the war and was not complete until 1874.

As has been seen, the Morganton bank of the ante-bellum period was a very small and insignificant financial institution when judged by present-day standards, but, of the large number of commercial banks which have subsequently served the area, none were so urgently needed or performed so many vital functions under such adverse circumstances.

Even its structure was awkward. For forty years it operated in a continuous fashion—first as an agency and later as a branch—bound by three different charters, confused by repeated liquidations and reorganizations, baffled by its tenuous relationship to its fellow-branches and to other banks. Its economic environment was never secure. The currency lacked either uniformity or stability, and the economy often followed the rule of "boom and bust." After the destruction of the federal Bank, a system of central banking no longer exist-

[28] Seventh Census of the United States, 1860, Schedule One (Free Inhabitants), Burke County, microfilm copy, State Department of Archives and History.

ed in the Nation; such regulation of currency and credit as existed was largely the responsibility of the State banks—and many of these were totally irresponsible. During the time that the Bank of the United States functioned as a federal bank, it was able to stabilize the currency by presenting bank notes for specie payment to any bank that appeared to be overstepping its bounds. But the Morganton bank functioned only a short time under this system.

Furthermore, it must be remembered that banks were viewed with suspicion and distrust by the yeoman farmers of the back-country counties. Burke was no exception. All three of their State legislators had voted against the State Bank Bill of 1810 and Mark Brittain, a Burke County legislator, had been a signer of the Potter Report which had flagrantly attacked the bank in the legislative session of 1828.[29]

As far as can be determined, the Morganton bank performed three major functions in the economic community in which it existed: the extension of deposit credit and bank note credit through loans, the purchase and sale of exchange, and the purchase of gold bullion. "The essential banking function" is, according to Bray Hammond, "the creation of credit to be transferred by check and to serve as money." [30] There is little available evidence to suggest that either checks or checking accounts were widely used by the patrons of the Morganton bank. Loans were customarily extended in the form of bank notes, in contradistinction to deposit credit. It is a reasonable assumption that the agency at Morganton issued the notes of the principal bank at Raleigh prior to the time that it began to issue its own notes. Loans were ordinarily made for eighty-eight days or six months; the charters restricted the interest charges to six per cent per annum which was retainable in advance. Borrower's notes were made out payable to the cashier and were not negotiable at the bank unless so stated on the face of the note. There were no restrictions on the total amount of loans the bank could make. Loans were supposed to be automatically controlled, however, by the restrictions placed on the issuance of bank notes.

[29] *Yadkin and Catawba Journal* (Salisbury), January 27, 1829.
[30] Hammond, *Banks and Politics in America*, 194-195.

For example, the charter of the second bank restricted notes to twice the amount of its paid-in capital and the charter of the third bank to twice the amount of capital as well as to three times the amount of specie reserve. Thus the principal of reserve requirements was evidently recognized. The issuance of bank notes was an important function of the Morganton bank for it not only provided a method of credit extension but also furnished a circulating medium for Burke County and adjacent areas. The bank was required by the charter to redeem its notes in specie. However, the notes were redeemable only at the branch of issue. Thus, the Morganton bank was required to redeem only the notes issued at Morganton; in this respect each branch of the bank was autonomous. No notes were issued for less than three dollars by the second bank and none for less than five dollars by the third bank. As a consequence, since Bechtler's coins were issued in one-dollar, two-and-one-half-dollar, and five-dollar denominations, there was little overlapping and less tendency for the bank notes to drive the gold coins out of circulation. Likewise the purchases of gold bullion executed by the bank at Morganton during the eighteen thirties and early 'forties strengthened the banking system of the State; this steady building up of metallic reserve played a vital role in counteracting the chronic adverse balance of payments which had plagued the State Bank during the early years.

So it is obvious that the bank necessarily performed several important functions of an essential nature which are outside the field of operations of the modern day commercial bank—functions which are now relegated to the Federal Reserve Banks. By the same token, our modern banks offer services that were not even considered by the ante-bellum banking house such as letting of safe deposit boxes, managing of trust funds, receiving savings accounts, and providing investment management.

A final glance at the over-all administration of the Morganton bank is in order. It has been authoritatively stated that there occurred no "instance of dishonesty or breach of trust on the part of one of its officers"[31] and nothing has been

[31] *Banker's Magazine*, XIII (April, 1859), 824.

recorded that would tend in any way to contradict this appraisal. It is a certainty, however, that the persistent practice of nepotism in the bank's officers and directors restricted its sphere of influence to a marked degree in a geographical area where there was little or no competition.[32] Even though they may have been sufficient and devoted servants of the bank, it still gave much the appearance of a family operation to the potential customer who had no representation in the management and might well live a hundred miles away. In spite of this flaw, it cannot be denied that the bank served as a solitary outpost that created credit in the western Piedmont where "steam and credit" were the crying needs of the day.

[32] No other bank existed in the State west of Charlotte and Salisbury until 1845 when the Bank of the Cape Fear opened an office in Asheville. Additional banks did not come into the area until 1860.

ADMINISTRATION
DEPARTMENT OF CULTURAL RESOURCES

Routing Slip

Name or Title	Date	Initials
1. Eric P. Newman		
2.		
3.		
4.		
5.		
6.		

- [ ] Action
- [ ] Filing
- [ ] See Me
- [ ] Approval
- [ ] Handle Direct
- [ ] Signature
- [x] As Requested
- [ ] Note and Return
- [ ] Your Comment
- [ ] Concurrence
- [ ] Recommendations
- [ ] Your Information
- [ ] Answer or Acknowledge on or before ______
- [ ] Prepare Reply for Signature of ______
- [ ]

REMARKS: thanks for your letter of April 22. We hold one of these notes, 70.49.1 (PC-12) in green lace print, plain back. Our note is dated 1857 or 1855 which is a bit late for the North Carolina gold rush days. Please [illegible] →

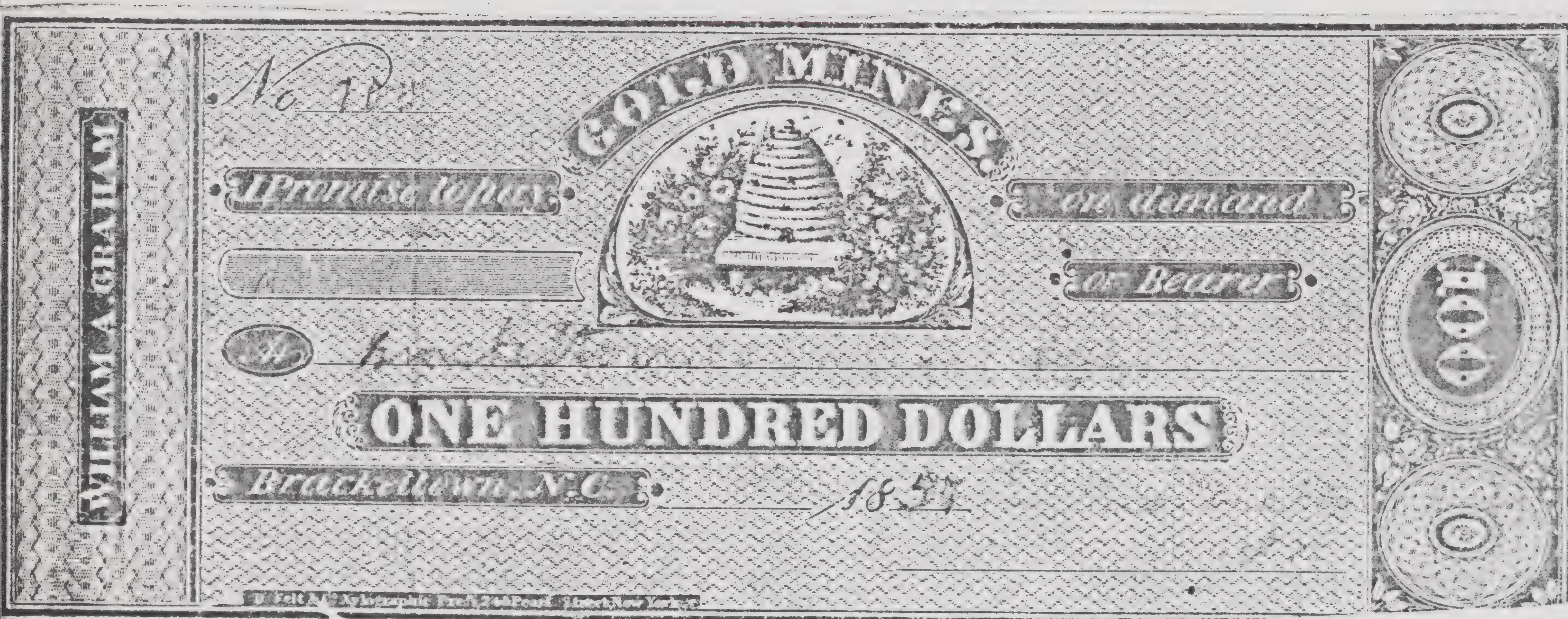
FROM NAME AND/OR TITLE	PHONE	DATE
[illegible] Keith		May 4 1992

enclosed copies of our note and copies of the item history envelope data. This is all we know about the subject. If I get anymore data I will pass it on to you.

Best regards

X 56

C
70.49.1
PC-12



GREEN PRINT

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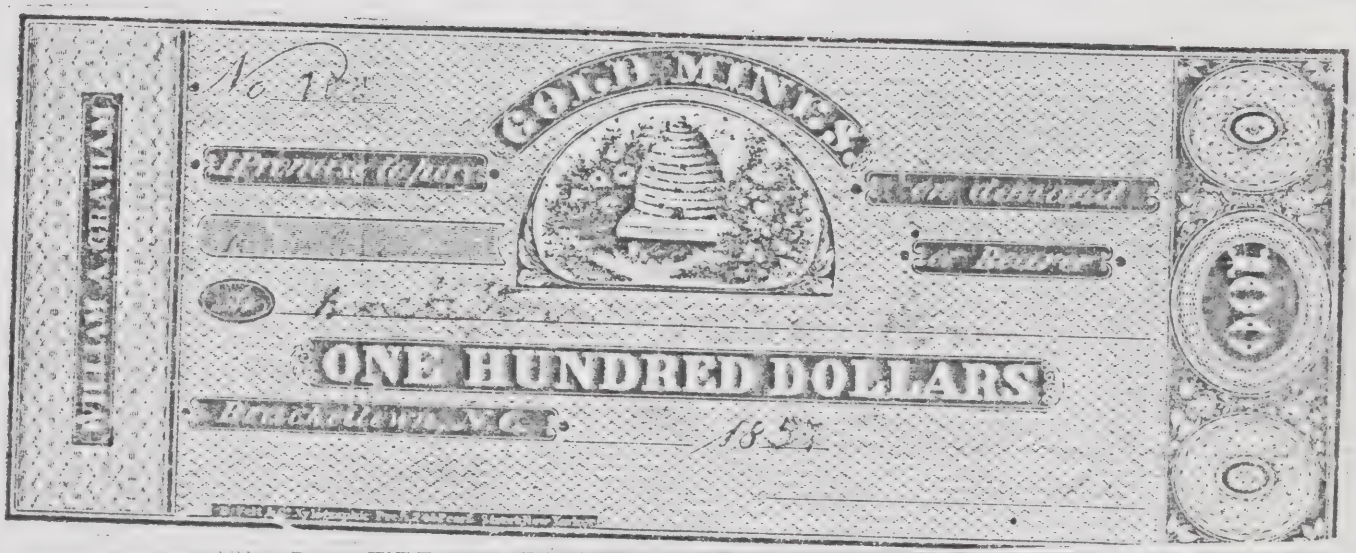

green lace print
Plain back

WILLIAM A. GRAHAM
No.
GOLD MINES.
I Promise to pay
on demand
or Bearer
At
ONE DOLLAR
Brackettown, N.C.
18
D. Felt & Co. Xylographic Press, 245 Pearl Street New York.
1

The North Carolina Historical Review

VOLUME XL PUBLISHED IN OCTOBER, 1963 NUMBER 4

CONTENTS

CHAMPAGNE AT BRINDLETOWN: THE STORY OF THE BURKE COUNTY GOLD RUSH, 1829-1833

BY EDWARD W. PHIFER*

The early 1830's are years to be remembered in Burke County. Andrew Jackson (Old Hickory) was in the White House, and although most local folk did not understand exactly what it was all about, there was a great deal of talk about nullification, high tariff, Calhoun, and State rights.[1] The county government became unusually extravagant and spent $15,000 to build a fine new courthouse out of stone blocks.[2] In the meantime, "Frankie" Silvers was tried for allegedly murdering her husband, was found to be guilty, and was hanged at Morganton.[3] Those who farmed (and that was almost everybody) recalled the summer and autumn of 1830 particularly, because of the drought—one of the worst they had ever seen. The locust and the weevil thrived, and there was not enough water in the streams to grind what grain the farmers did make.[4] Then in November of 1833, the stars fell—"a resplendent shower of meteorites" one word-happy local observer called it.[5]

But this was not all. In 1828 gold was found out in the far end of the county, and by late February of the following year it had been discovered "in at least 100 places in Burke." It was estimated that $200 worth of gold had already been recovered in addition to undetermined amounts of "Native Sulphur, Copperas, and Quicksilver."[6] This news could not have come at a more auspicious psychological moment.

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* Dr. Phifer, a practicing surgeon in Morganton, was recently appointed to the Executive Board of the Department. This paper was originally read in 1961 at the spring meeting of the Burke County Historical Society.

1 W. W. Avery to Thomas I. Lenoir, January 12, 1833, in Lenoir Family Papers, Southern Historical Collection, University of North Carolina Library, Chapel Hill, hereinafter cited as Lenoir Papers; A. C. Avery, *History of the Presbyterian Churches at Quaker Meadows and Morganton from the Year 1780 to 1913* (Raleigh: Privately printed, 1913), 21-22.

2 Memoirs of Colonel Thomas G. Walton (a typewritten copy), 3, Southern Historical Collection, hereinafter cited as Walton Memoirs.

3 Clifton K. Avery (ed.), *Official Court Record of the Trial, Conviction and Execution of Francis Silvers, First Woman Hanged in North Carolina* (Morganton: The News-Herald, 1953), 3-12.

4 *The North Carolina Spectator and Western Advertiser* (Rutherfordton), September 3, 1830, hereinafter cited as *The Spectator.*

5 Walton Memoirs, 42-43.

6 Isaac T. Avery to William B. Lenoir, February 22, 1829, Lenoir Papers.

A nationwide and world-wide shortage of gold existed. The deficiencies of the national and State monetary systems, the frequent economic upheavals, and the "hard money" versus "paper money" political controversy had made the people of the country gold-conscious. They knew that gold had already been found in Cabarrus, Anson, Mecklenburg, Montgomery, and other western North Carolina counties prior to 1820, so that the news of the strike in Burke was not altogether unexpected.[7] But this much is certain. For a few frenzied years it convulsed the cultural, social, and economic life of this county. It provided the spark for a period of rapid industrialization, commercial activity, fiscal organization, and rife speculation such as has never been duplicated in this area since that day. The flame that was ignited lit the countryside, burned with great intensity and brilliant color for a quarter of a decade, settled to a quiet glow for a few years, and then smoldered on almost into the twentieth century.

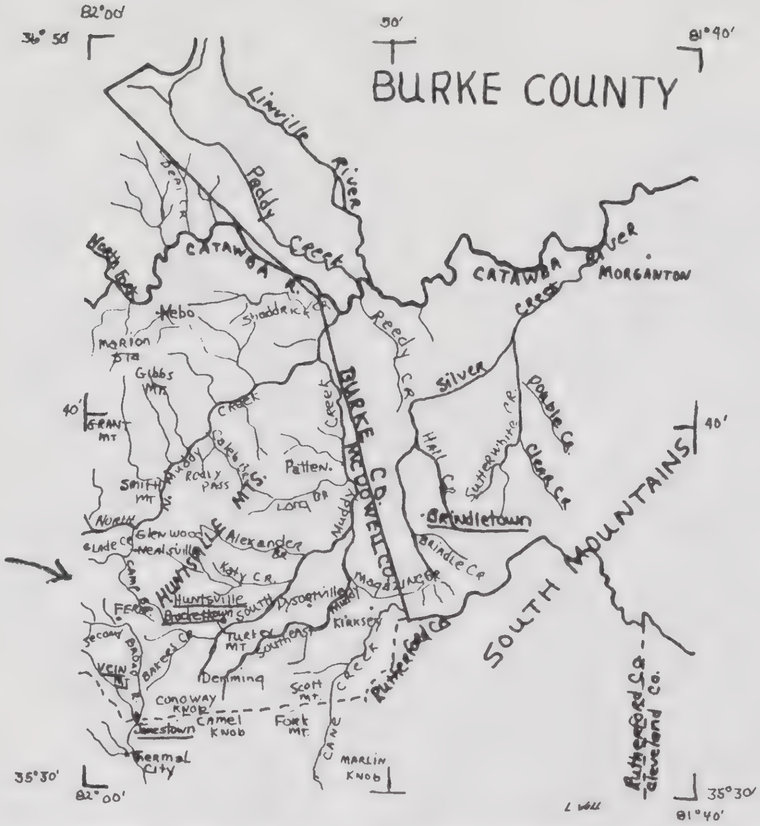
In so far as it is possible to determine, things did not begin to really crackle and pop until late spring of 1829. It was then that the Rush actually began with a rapid influx of large numbers of nonresidents who came for the sole purpose of mining gold. A local businessman wrote in late February of 1829," The gold is here," and then added with a tinge of skepticism "but if we can make more by digging potatoes, they are the surest business. I have felt the symptoms and made some [land] entries, but as yet have escaped the fever."[8] A little more than four months later, however, he changed his tune entirely, and wrote:

> I mentioned in one of my letters the Discovery of Gold in Burke . . . but just about that time, a disease called the Gold Fever, became, and still continues [to be], the most universal epidemic that ever visited our County. The sale of sweet Water lands, produced nothing like the excitement that has been witnessed here within three months past . . . indeed half the Citizens of Wilksboro and its vicinity are in Burke, either as actual operatives in Mines, or as Speculators buying Gold Lands. A single Mine has averaged from $2,000 to 2,500 weekly since the first of April, and I do not hesitate to say, that there will be 2,000 men employed in Burke as Miners by the first of August. . . . I do not intend to try to inoculate [*sic*] you with the Fever but [I] do not know that it would be safe for you to visit the infected district.[9]

[7] Fletcher M. Green, "Gold Mining: A Forgotten Industry of Ante-Bellum North Carolina," *The North Carolina Historical Review*, XIV (January, 1937), 9, hereinafter cited as Green, "Gold Mining."

[8] Isaac T. Avery to William B. Lenoir, February 22, 1829, Lenoir Papers.

[9] Isaac T. Avery to William B. Lenoir, July 4, 1829, Lenoir Papers. The mention of "sweet Water lands" undoubtedly refers to the land boom in middle Tennessee.



NOTE: McDowell County had not been formed in 1829-1833. All of the area shown on the map west of this line was then in Burke County.

Map prepared by Linda Smith Wall.

The area in which these people "struck it rich" was situated in mountainous southwestern Burke County and the adjacent parts of Rutherford County. On the headwaters of Silver Creek and on its tributaries—Brindle, Hall, and Satterwhite creeks—lay the rich Brindletown district with Brackettown to the west on the headwaters of the South Muddy; beyond this lay Huntsville, Vein Mountain, and the fabulous Jamestown where the land of James Jeans [Jaynes] bordered the Second Broad River. In Rutherford County miners began to work on the headwaters and tributaries of the First Broad as it ran through Golden Valley, and mining companies were active in the Whiteside Settlement.[10] Into this gold-rich district poured the great slaveholders of the North Carolina Black Belt and adjoining southside Virginia. From

[10] Clarence W. Griffin, *History of Old Tryon and Rutherford Counties, North Carolina, 1730-1936* (Asheville: Miller Printing Company, 1937), 195-208, hereinafter cited as Griffin, *Rutherford County;* Isaac T. Avery to William B. Lenoir, June 13, 1831; W. W. Avery to Thomas I. Lenoir, January 12, 1833, Lenoir Papers.

influx of miners not only increased the population south of the River through immigration from other counties and States, but it drew the native population to these centers of increased economic activity. The incoming tide of miners brought little with them except people. All had to be supplied with food, clothing, and mining supplies. Unfortunately, very few of these products could be obtained locally. Pork was imported from Kentucky; bacon and flour from Tennessee; iron casting, mining tools, shoes, and clothing for Negroes had to come from Philadelphia or other manufacturing centers of the North. Only corn, vegetables, and beef could be produced locally in quantities sufficient to supply the swelling population.[27] This put a great strain on the wholly inadequate system of currency and credit. If it had not been for the entirely fortuitous establishment of the branch bank at Morganton and the processing of gold by the Bechtlers at Rutherfordton, the monetary system would undoubtedly have collapsed in this area.[28] Even as it was, one of the mining combines from Granville County—Hamilton, Turner, and Robards—found it necessary to issue drafts on the house of James Hamilton and Son payable at the Chemical Bank of New York.[29] This commercial paper was pumped into the economy and was allowed to circulate as currency in an attempt to relieve the distressing scarcity of money. Finally, President Jackson's unfortunate handling of the national banking system added to the currency difficulties, psychologically if not otherwise.

In spite of all this hindrance, commerce and trade were most certainly stimulated in both Morganton and the mining areas by the Gold Rush. Large merchandising establishments such as William A. Erwin and Company, John Caldwell and Company, or Walton and McEntire monopolized the business at the county seat.[30] Sidney Stanhope Erwin operated stores at both Brindletown and Brackettown.[31] Felix W. Bracket and Albert G. Forney also had stores at Brackettown, while Charles Carson was in business at Brindletown.[32] Major John E. Patton also owned a store in the gold mining area.[33] The Rush provoked an

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[27] Shanks, *Mangum Papers*, II, 107-111.

[28] Griffin, *Rutherford County*, 173-174, 195-204. For a more detailed account of the local currency woes at this particular time, see Edward W. Phifer, "Money, Banking, and Burke County in the Ante-Bellum Era," *The North Carolina Historical Review*, XXXVII (January, 1960), 22-37.

[29] *N. Carolina Free Press* (Tarboro), November 15, 1833; Shanks, *Mangum Papers*, 108-109.

[30] Minutes of the Burke County Court of Pleas and Quarter Sessions, April Session, 1832, July Session, 1834, hereinafter cited as Burke County Court Minutes.

[31] Burke County Court Minutes, April Session, 1830, April Session, 1832.

[32] Burke County Court Minutes, July Session, 1831, April Session, 1830, January Session, 1831.

[33] Burke County Court Minutes, April Session, 1831.

inevitable and intensive speculation in some of Burke County's poorest farm land [See Table I]. Thousands of acres changed hands on several occasions and the number of land transactions increased markedly during this period. Larger mining companies were formed as the industry

TABLE I

Recorded Title Transfers of Burke County Land for Mining Purposes, 1830-1834
[Incomplete listing]

Term of Court Recorded	Seller	Buyers	No. of Acres
April, 1830	Samuel Miller	Sidney Haiskel, Kemp P. Willis	
	Job Upton	Kemp P. Willis, Oscar Willis	
	William Marshall	Joseph Nelson, Samuel Henderson, Kemp P. Willis	
October, 1830	Joshua Hall, Sr.	John Carson, Sr., Joseph McD. Carson, Charles Carson, Samuel P. Carson, Kemp Willis, Oscar Willis, James McDowell	50
	John Sudderth	Joseph Brendle	
January, 1831	John Pullum	Joseph H. Bryan	
	Nathaniel Robards	William Robards	
	James Dykes	Joseph H. Bryan, Nathaniel Robards, William Robards	
	Dr. Samuel Tate	William A. Graham	
	Stephen K. Sneed	James D. Johnson	
	John Pullum	William A. Graham	
	Thomas Green	William H. Hodge, Thomas T. Hunt	
	James Mason	William H. Hodge, Thomas T. Hunt	
	William Murphy	Thomas T. Hunt, William H. Hodge	
	Israel A. Morrison and Hunt	Cornelius Welch	
	Stephen K. Sneed	James D. Johnson, William A. Graham	
	Carter Hedgepeth	William Hodge, Thomas T. Hunt	
	Cullen Capehart	Patrick Hamilton	
	Samuel Henderson	Alexander Henderson, William J. Alexander, Kemp P. Willis	7,580
September, 1831	William C. Butler	Joseph H. Bryan, William Robards	Interest in 30,000
January, 1832	James Harris	William A. Graham	
	Stephen K. Sneed	William A. Graham	
	James D. Johnson		
April, 1834	Jesse H. Simmons	William McGeahee, Patton and Thomas, Erwin and Carson	
October, 1834	Isaac T. Avery	Robert Hamilton	1,050

began to mature, such as the Burke County Gold Mining Company incorporated in 1834 by Kemp P. Willis and Oscar Willis with a capitalization of $100,000, shares having a par value of $100 each.[34]

[34] *Acts Passed by the General Assembly of the State of North Carolina at the Session of 1834-35*, c.XXXIX.

There is no possible wa
been recovered in Burke C
intermittent mining of thi
Gold Rush was over. In
$12,000,000 worth of gold
and Rutherford counties.
mated on the same date th
Ordinarily, during the Ru
half to two and a half pe
mines opened at Jamesto
pennyweight per hand.[36]
for eighty-four cents a pe
United States Mint at Ph
circulation. The Bechtlers
a pennyweight if the coina
ly some of the gold was
arts and trades, but there
disposal was any more pr
tion, the Golden Valley g
than that which was mine
town.[38]

By autumn of 1833, mi
was estimated that one-thi
before winter.[39] A local
optimistic during the heig
he was "trying to dig out
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added pessimistically, "I
In late summer of 1835, h
Little Silver Creek. Hope
tinued "to pay for my suga
the "smart money" had
was a thing of the past.

It is interesting to spec

[35] *American Almanac* (Bosto
Wheeler, who in turn cites a le
Albert G. Forney in his report.
[36] *Raleigh Register and Nor*
May 14, 1830; Griffin, *Rutherf*
[37] Griffin, *Rutherford County,*
[38] Thomas Neal, in an intervi
inhabitant of the Brindletown
[39] Isaac T. Avery to Isaac T.
[40] Isaac T. Avery to Isaac T.
[41] Isaac T. Avery to Thomas

There is no possible way to determine the amount of gold that has been recovered in Burke County from first to last, for the desultory and intermittent mining of this metal continued for many years after the Gold Rush was over. In 1841, for example, it was estimated that $12,000,000 worth of gold had been removed from the mines of Burke and Rutherford counties. On the other hand, another authority estimated on the same date that $6,000,000 was nearer the correct figure.[35] Ordinarily, during the Rush years, a hand could produce one and a half to two and a half pennyweight of gold per day. One of the new mines opened at Jamestown in 1830 was reported to produce four pennyweight per hand.[36] The Bank at Morganton bought fluxed gold for eighty-four cents a pennyweight. This gold was transported to the United States Mint at Philadelphia where it was coined for general circulation. The Bechtlers claimed that the miner saved about six cents a pennyweight if the coinage was performed in their mint. Undoubtedly some of the gold was exported in bullion form or utilized in the arts and trades, but there is no reason to believe that this method of disposal was any more profitable to the miners.[37] According to tradition, the Golden Valley gold brought five cents a pennyweight more than that which was mined at Brindletown, Brackettown, and Jamestown.[38]

By autumn of 1833, mining activities had begun to diminish and it was estimated that one-third to one-half of the labor force would leave before winter.[39] A local enterpriser, who had been among the most optimistic during the height of the Rush, now furtively admitted that he was "trying to dig out as much gold between pulling fodder, and gathering corn as will pay for my salt, sugar, coffee etc." And then he added pessimistically, "I don't know whether I shall accomplish it."[40] In late summer of 1835, he again wrote that he was "mining some on Little Silver Creek. Hope to raise enough by cold weather," he continued "to pay for my sugar, coffee and salt."[41] By the following spring, the "smart money" had gone and the Gold Rush in Burke County was a thing of the past.

It is interesting to speculate as to why the miners gave up when

[35] *American Almanac* (Boston: David H. Williams, 1841), 216, quoting John H. Wheeler, who in turn cites a letter of Isaac T. Avery who includes an estimation by Albert G. Forney in his report.

[36] *Raleigh Register and North-Carolina Gazette*, April 15, 1830; *The Spectator*, May 14, 1830; Griffin, *Rutherford County*, 205-206.

[37] Griffin, *Rutherford County*, 198.

[38] Thomas Neal, in an interview with Edward W. Phifer, February, 1961. Mr. Neal, inhabitant of the Brindletown area, has always been interested in this subject.

[39] Isaac T. Avery to Isaac T. Lenoir, September 30, 1833, Lenoir Papers.

[40] Isaac T. Avery to Isaac T. Lenoir, September 30, 1833, Lenoir Papers.

[41] Isaac T. Avery to Thomas Lenoir, August 30, 1835, Lenoir Papers.

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The North Carolina Historical Review

Volume XLVIII   Published in January, 1971   Number 1

CONTENTS

Secretary William A. Graham, Naval Administrator, 1850-1852

By Max R. Williams*

On July 10, 1850, the Washington *National Intelligencer* announced dramatically to a shocked nation: "Weep fellow citizens! The hand of death has stricken down a great and good man! ZACHARY TAYLOR, our honored and beloved President, is no more!"[1] The second Whig elected to the presidency, like his predecessor William Henry Harrison, had died in office. Soon this news was emblazoned on every newspaper in the country, for these were disturbing tidings to a people deeply embroiled in a divisive dispute over slavery. Acrimonious congressional debates over California's admission to the union as a free state, and related problems, reflected the mood of a nation in which threats of secession were common.

With other patriotic Americans of all political persuasions, former Whig Governor William Alexander Graham of North Carolina, only recently returned to his private pursuits as a lawyer and planter, gave anxious consideration to national problems. Graham too was beset with doubts about the abilities of the untried Vice-President Millard Fillmore, a New Yorker who had never been expected to succeed to presidential responsibilities. He undoubtedly speculated as to how Fillmore would cope with the bitter sectional controversy over the extension of slavery. Taylor had advocated the admission of free California, much to the South's disgruntlement. Fillmore's position was unknown. Perhaps the Whig party would be hopelessly split, as it had been in 1841 when John Tyler succeeded Harrison; or, worse still, perhaps secession would become a reality.

The first indication of Fillmore's position came to Graham in a letter which suggested that he was to play an important role in this national crisis. Augustine H. Shepperd, a North Carolina Whig in the House of Representatives, wrote that a new cabinet favorable to a compromise of the slavery question might be organized.[2] Graham had been mentioned informally by his friends as a capable man deserving consideration. On July 16, 1850, George E. Badger and Willie P. Mangum, senators, and Shepperd, Edmund Deberry, David Outlaw, Joseph Pearson Caldwell, and Edward Stanly, representatives, of the North Carolina congressional delegation formally recommended to Fillmore "the Hon. William

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* Dr. Williams is professor of history, Western Carolina University, Cullowhee.

[1] *National Intelligencer* (Washington, D.C.), July 10, 1850, hereinafter cited as *National Intelligencer*.

[2] Augustine H. Shepperd to William A. Graham, July 11, 1850, in J. G. de Roulhac Hamilton (ed.), *The Papers of William Alexander Graham* (Raleigh: State Department of Archives and History [projected 8 volumes, 1957–]), III, 326, hereinafter cited as Hamilton, *Graham Papers*. William A. Graham will be hereinafter cited as Graham.

A. Graham of N. Carolina as well qualified for the duties of a place in your Cabinet."[3]

There followed a strange interlude of uncertainty. The Taylor cabinet members resigned en masse, but Fillmore asked them to remain until the close of the current session of Congress. This request was refused because the influence of William H. Seward and Thurlow Weed, Fillmore's rivals in New York politics, had rendered cooperation improbable.[4] Meanwhile Graham's friends in Washington, especially Shepperd, sought to get his permission to agree to the expected cabinet nomination. Telegrams were directed to mutual Raleigh friends, John H. Bryan and Charles L. Hinton, for that purpose. Because Graham was in Greensboro for Guilford County Superior Court, a breakdown in communications occasioned delays. Finally Hinton and Shepperd assumed the responsibility of informing Fillmore that Graham would accept. Their confidence in Graham's sense of public duty was rewarded. On July 25, 1850, he accepted the appointment as secretary of the navy, which had been tendered officially by President Fillmore three days earlier.[5]

So quickly had Graham passed again from private to public life that there had been little time for reflection. Graham's first reaction to his appointment had been surprise, for he sought no place in the new government.[6] Influenced by the pleas of friends and the promptings of conscience, he concluded that he had no choice but to accept a distinction which was intended to honor his state rather than himself.[7] This reaction might have been predicted in light of Graham's character; however, the resumption of public responsibilities required a sacrifice of his personal interests. Noting that his imminent departure would leave his affairs deranged, Graham confided to his brother James, "I dislike exceedingly to quit my profession a second time so soon . . . it breaks in upon my

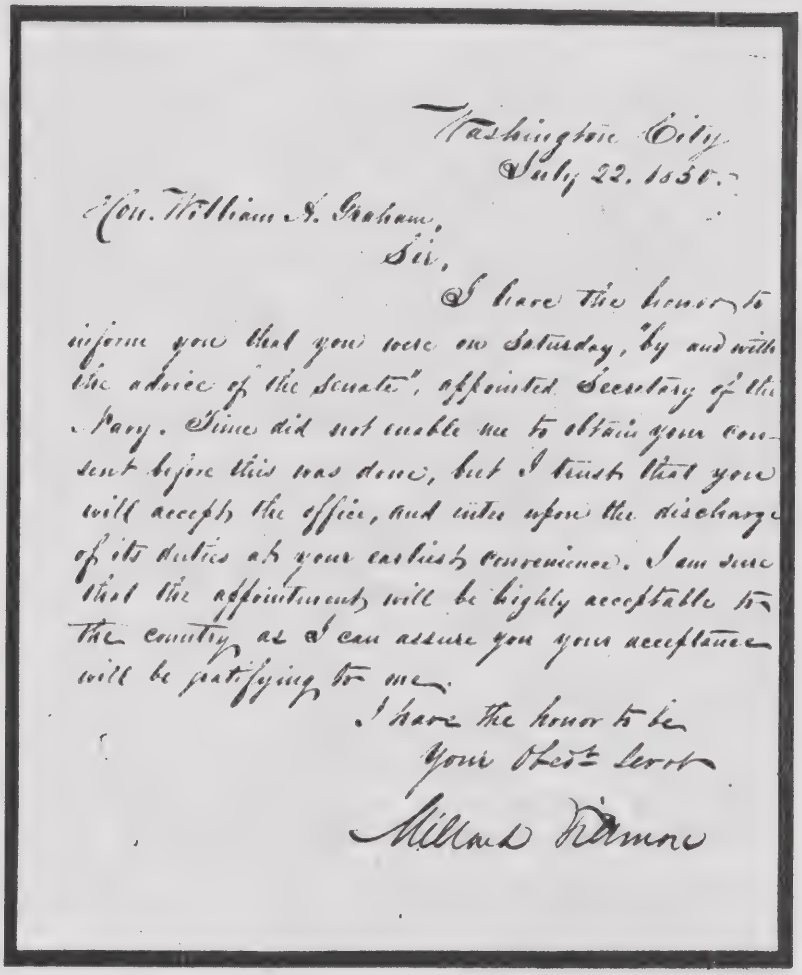
[3] George E. Badger and others to Millard Fillmore, July 16, 1850, in Millard Fillmore Papers, Buffalo Historical Society, Buffalo, New York.

[4] Robert J. Rayback, *Millard Fillmore: Biography of a President* (Buffalo, New York: Henry Stewart, 1959), 199-205, 241-242, hereinafter cited as Rayback, *Fillmore*.

[5] Graham to James Graham, July 24, 1850, Augustine H. Shepperd to Graham, July 16, 1850, telegram from Augustine H. Shepperd to John H. Bryan, July 16, 1850, telegram from Augustine H. Shepperd to Charles Hinton, July 17, 1850, Graham to James Graham, July 19, 1850, Augustine H. Shepperd to Graham, July 22, 1850, Millard Fillmore to Graham, July 22, 1850, Graham to Millard Fillmore, July 25, 1850, Hamilton, *Graham Papers*, III, 336, 327, 328, 329-330, 333, 337-338.

[6] In 1849 President Taylor, through the mediation of North Carolina Senator Willie P. Mangum, unofficially offered Graham the ambassadorship to either Spain or Russia. Graham declined, despite the pleas of his friends, for personal reasons. Chief among these were his long neglected personal affairs, family responsibilities, and the uncertain health of his wife, Susan Washington Graham. Willie P. Mangum to Graham, May 25, 1849, in Henry Thomas Shanks (ed.), *The Papers of Willie Person Mangum* (Raleigh: State Department of Archives and History, 5 volumes, 1950-1956), V, 149, hereinafter cited as Shanks, *Mangum Papers*; Robert T. Paine to Graham, June 6, 14, 1849, James W. Osborne to Graham, July 22, 1850, Graham to Susan Washington Graham, August 20, 1850, Hamilton, *Graham Papers*, III, 289, 305, 333-335, 362.

[7] Graham to James Graham, July 19, 1850, Hamilton, *Graham Papers*, III, 330.



Washington City
July 22. 1850.

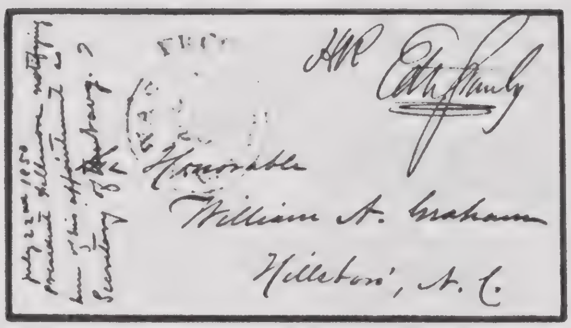
Hon. William A. Graham,

Sir,

I have the honor to inform you that you were on Saturday, "by and with the advice of the Senate", appointed Secretary of the Navy. Time did not enable me to obtain your consent before this was done, but I trust that you will accept the office, and enter upon the discharge of its duties at your earliest convenience. I am sure that the appointment will be highly acceptable to the country, as I can assure you your acceptance will be gratifying to me.

I have the honor to be
Your Obed.t Serv.t

Millard Fillmore



Free
Edw. Stanly

Honorable
William A. Graham
Hillsboro', N. C.

Reproduced here is the letter by which President Millard Fillmore advised William A. Graham of his appointment as secretary of the navy. The small envelope (5-by-2¾ inches) in which the letter was sent has also been preserved; it is franked in the handwriting of Edward Stanly, member of the House of Representatives from North Carolina. Note the black border on both letter and envelope, signifying their use during the period of official mourning following the death of President Zachary Taylor. Letter and envelope from the files of the State Department of Archives and History.

plans of life, and the education of my family. . . ."[8] But, vowing to accommodate himself to his new situation, Graham left for Washington within three weeks after Taylor's death.

Forty-five years of age, William A. Graham was in the prime of life.[9] No stranger to public life, he was a loyal Whig who had served successively as state representative, speaker of the House of Commons (1838 and 1840), United States senator (1840-1842), and North Carolina governor (1845-1849). His personal appearance was prepossessing. He was over six feet tall, stood erectly, and bore himself with great dignity of deportment. His features were so distinct and uncommonly well formed that one contemporary described him as perhaps the handsomest man in North Carolina.[10] A scrupulous neatness in his person and the faultless fit of his broadcloth suit complemented his natural physical attributes.

In his personal demeanor Graham was so proper as to appear cold and unapproachable. He was modest, dignified and reserved, even among his friends. Although he was pleasant in private intercourse and happy in disposition, Graham was not given to frivolity. Serious of purpose, he possessed a good formal education and an able, studious, logical mind which was better suited to analysis than to innovation.[11] His unusual industry was spurred by a guarded personal ambition and by a conscientious acceptance of responsibilities.

Many of Graham's social and political ideas were more attuned to the Federalist principles of the preceding generation than to the "age of the common man" in which he lived. He believed that members of a social-intellectual elite motivated by a genuine sense of responsibility for society were best suited to govern. This concept of noblesse oblige became a way of life for him.[12] These social and political views, added to a sense of history and an abiding patriotism, placed William A. Graham in the mainstream of American conservatism. And yet his conservatism was constructive in purpose. He might best be characterized

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8 Graham to James Graham, July 24, 1850, Hamilton, *Graham Papers*, III, 337.

9 The following sketch is based, in part, on the *New York Mercury*, as quoted in the *Hillsborough Recorder*, February 3, 1842; Joseph Blount Cheshire, *Nonnulla: Memories, Stories, Traditions, More or Less Authentic about North Carolina* (Chapel Hill: University of North Carolina Press, 1930), 134-137; David Schenck, *Personal Sketches of Distinguished Delegates of the State Convention, 1861-2* (Greensboro: Thomas, Reece & Company, 1885), 8-12, hereinafter cited as Schenck, *Personal Sketches*.

10 Schenck, *Personal Sketches*, 9.

11 Graham's formal education was the best available in North Carolina. After preparation in academies in Lincolnton, Statesville, and Hillsborough, he graduated in 1824 with honors from the University of North Carolina. He read law with the distinguished Judge Thomas Ruffin prior to establishing a lucrative practice in Hillsborough. For a more detailed study see Max R. Williams, "The Education of William A. Graham," *North Carolina Historical Review*, XL (January, 1963), 1-14.

12 Numerous letters suggest the ideas of Graham and his class regarding mass democracy. Some representative ones are Graham to Susan Washington Graham, October 21, 1837, Jesse Turner to Graham, June 8, 1839, Kenneth Rayner to Graham, April 5, 1840, Hamilton, *Graham Papers*, I, 532, II, 61, 73-83, passim; James W. Bryan to Graham, January 21, 1848, in James W. Bryan Papers, Southern Historical Collection, University of North Carolina at Chapel Hill.

as a progressive conservative. Graham perceived that the United States was an exuberant adolescent and that his was an age of unlimited potential. He was dedicated to preserving basic institutions and principles, including the American union. Therein lies the reason President Millard Fillmore called him to his cabinet in that politically turbulent summer of 1850.[13]

Graham arrived in Washington on Wednesday evening, July 31, and assumed the direction of the Navy Department on August 2, amid expressions of popular enthusiasm. Congressman David Outlaw believed that Graham would "make an excellent officer and do credit to his state" in these disjointed times when "we need cool, moderate, wise and firm men at the helm of the Executive government."[14] The *Register*, the Whig organ in Raleigh, declared that North Carolinians, regardless of party, were gratified by Governor Graham's appointment to the Fillmore Cabinet. The *Richmond Times* depicted Graham as one of North Carolina's "strongest men" with "the highest qualifications." Steadfastness to the Whig cause by the Old North State was praised by the *Baltimore Patriot*, which concluded that Graham's appointment "will . . . be hailed with favor by the whole country, and particularly by the people of the South."[15] It is evident that Graham satisfied a large segment of Whig opinion. This was an important requisite in a time when cabinet selections frequently depended more on political prominence than on administrative ability.

Secretary Graham performed his political functions well. A Union Whig, he favored the Compromise of 1850 and played a significant role in allaying southern fears regarding the Compromise. His extensive political influence among southerners was used to minimize secession sentiment. But Graham was more than a sectional political leader. He gained stature and national prominence by his statesmanlike pleas for moderation of sectional controversies. To the South, Graham upheld Fillmore and counseled acceptance of the Compromise as the final solution to the slavery question. To the North, Graham offered the hand of friendship but warned that the perpetuation of the Union depended on the faithful execution of the Fugitive Slave Law.[16] By 1852 Graham's position was so widely known and his reputation so securely established that he was

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13 President Fillmore believed that the prospects for compromise and peace would be better if Kentuckian John J. Crittenden and Graham were brought into the cabinet. Rayback, *Fillmore*, 244.

14 David Outlaw to Emily B. Outlaw, July 29, 1850, in David Outlaw Papers, Southern Historical Collection.

15 *National Intelligencer*, August 3, 1850; *Raleigh Register*, July 24, 1850; *Hillsborough Recorder*, August 7, 1850, quoting *Richmond Times* and *Baltimore Patriot*.

16 In May, 1851, Graham accompanied President Fillmore and secretaries Daniel Webster and John J. Crittenden on a northern tour which culminated in New York state to commemorate the opening of the New York and Erie Railroad. The tour had important political overtones as the group sought to popularize the Compromise of 1850. Graham spoke at New York City, Buffalo, Syracuse, and Rochester to receptive audiences. On these occasions he defined his position on the Compromise, secession, and the fugitive slave law. These significant speeches may be found in the *National Intelligencer*, May 23, 1850, *Raleigh Register*, May 28, 1850, and *Hillsborough Recorder*, June 4, 1850.

nominated by the Whig party to fill the second place on a ticket headed by General Winfield Scott. It was the Whig vice-presidential nomination which prompted Graham to resign as secretary of the navy on June 28, 1852, almost two years after his appointment.[17]

Obviously, Secretary Graham was politically successful, but what of his role as naval administrator? In an age when cabinet members were too often chosen for political weight rather than administrative skill, appointees had usually not been too successful in dealing with the complexities of naval problems. As one able career officer, Matthew Fontaine Maury, world famous naval scientist and oceanographer, complained: "The Secretary of the Navy usually comes into office uninformed as to the condition of the Navy. . . . Accordingly, he goes to work in the dark, and, of course blunders and mismanagement ensue."[18] All Graham's customary diligence, devotion to duty, and sense of responsibility would be required if he were to avoid the pitfalls suggested by Maury.

William A. Graham's first few weeks in Washington were extremely busy ones. He found that naval affairs opened a whole new realm of activity to him, but the transition from lawsuits and domestic pursuits was easily made. By August 13, 1850, he could boast to his wife, Susan Washington Graham, that his whole attention was now "engrossed with War Steamers, mail steamers, Squadrons in the East Indies, & on the Coast of Africa, with the wonderful changes produced by the addition of our Pacific possessions, on the commerce of the world, and anxieties about future events, which have been the subject of Cabinet Councils."[19] The normal workday for Secretary Graham was from 9:00 A.M. until 4:30 P.M., as he presided over a department composed of twelve clerks and two messengers.[20] Soon he began to feel more confident in his role as secretary of the navy. Particularly was he pleased by the courtesies of General Winfield Scott, the popular military hero and a former acting secretary of war. He happily reported to his wife an unusual honor accorded him. Scott, after having assembled a group of officers to pay their respects to the new secretary of war, Charles M. Conrad, marched them "in a body, in full feather, to the Navy Department, to render a like tribute, to the other 'fighting secretary'. . . ."[21] By late August, 1850, Graham was so intrigued with his new responsibilities that he refused an opportunity to become secretary of the interior, a post with more prestige.[22]

17 Graham to Millard Fillmore, June 28, 1852, Hamilton, *Graham Papers*, IV, 328-329.

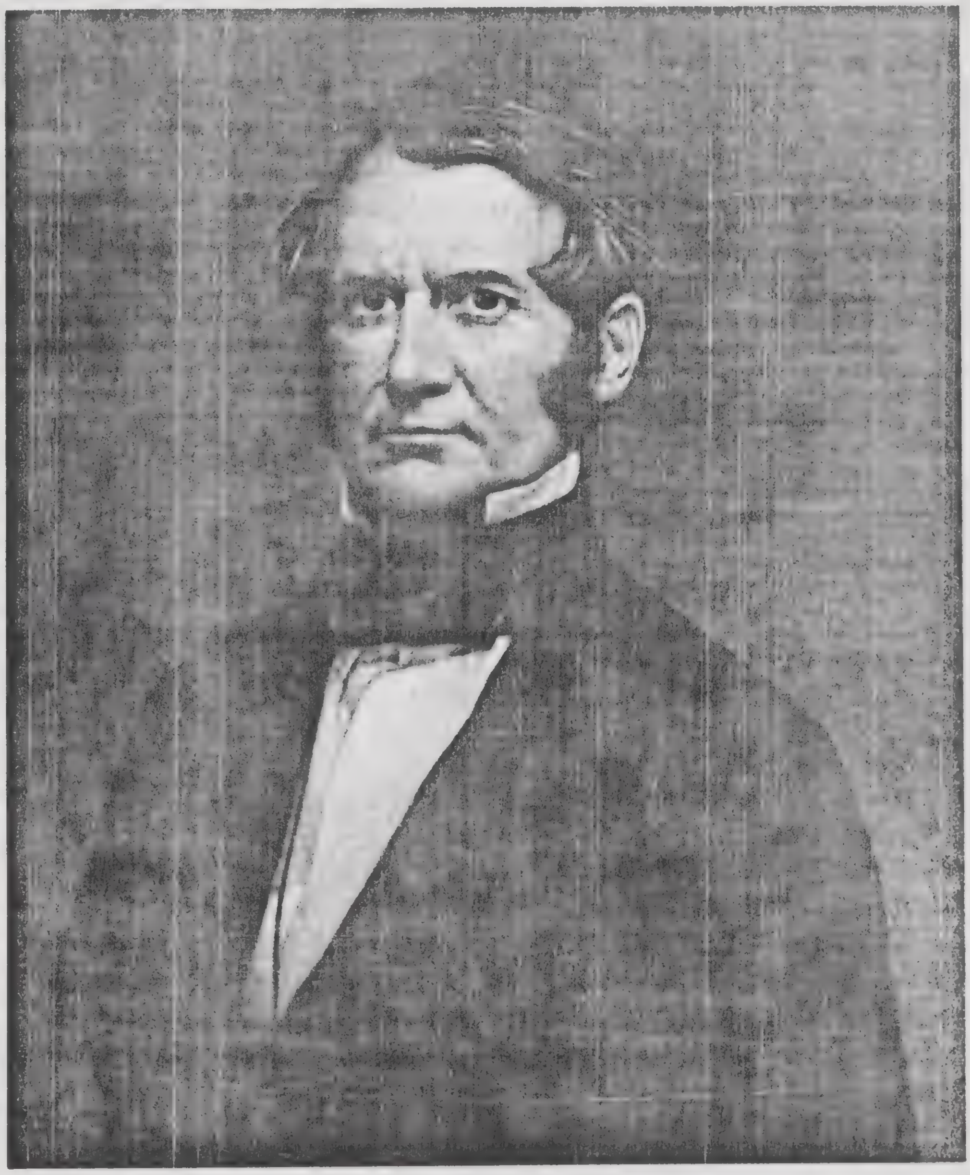
18 Leonard Dupee White, *The Jacksonians: A Study in Administrative History, 1829-1861* (New York: Macmillan Company, 1956), 228, hereinafter cited as White, *The Jacksonians*.

19 Graham to Susan Washington Graham, August 13, 1850, Hamilton, *Graham Papers*, III, 358.

20 Graham to Susan Washington Graham, August 20, 1850, Hamilton, *Graham Papers*, III, 362; *Senate Executive Document No. 1*, Thirty-first Congress, Second Session (Washington, D.C.: Printed for the Senate, 1850), Part I, 225, hereinafter cited as Graham's Annual Report, 1850.

21 Graham to Susan Washington Graham, August 20, 1850, Hamilton, *Graham Papers*, III, 362.

22 Graham to James Graham, August 25, 1850, Hamilton, *Graham Papers*, III, 369. Apparently Secretary Graham retained his enthusiasm for the Navy Department. A year later he wrote his



This likeness of William A. Graham was made at the time he was secretary of the navy. The photograph of an engraving by A. H. Ritchie was supplied and is reproduced by courtesy of the United States Navy, Washington, D.C.

Undoubtedly Graham's ardor for his department was somewhat dampened as time and study revealed the harsh realities of naval administration. The navy was a career for many able men. Any civilian was bound to be impressed by the complexities of naval operations, technology, and strategy. The lay

brother James that President Fillmore was considering elevating him to the Treasury Department but that he preferred to remain where he was. Graham to James Graham, August 18, 1851, Hamilton, *Graham Papers*, IV, 189.

secretary of the navy was confronted with combining the leadership of a civilian executive and the expert knowledge of a professional naval bureaucracy.[23] A solution of this problem had been attempted by the establishment in 1815 of a board of navy commissioners. Three professional officers were to advise the secretary and to free him from many technical details, but policy decisions were to be retained in his hands. Difficulties developed when the board sought to exert too much influence over naval policy. By 1829 the navy had outgrown the ability of the navy commissioners to perform their routine duties efficiently.[24] Reorganization was necessary.

Not until 1842 was a reorganization of the Navy Department effected. Five naval bureaus, each headed by an experienced professional officer, were established. These bureaus were: navy yards and docks; construction, equipment, and repair; provisions and clothing; ordnance and hydrography; and medicine and surgery. Bureau chiefs were appointed by the president upon the recommendation of the secretary of the navy and with the Senate's consent. Herein lay a source of future friction as the bureaus developed an unhealthy sense of independence. Although there were obvious administrative weaknesses in such a system, the navy had fallen into line with the prevailing scheme of departmental organization—a political secretary at the head of several bureaus, each directed by a single official.[25] Frequently, a bureau chief was more firmly entrenched than the civilian secretary of the navy.

The personality and administrative skill of the secretary of the navy determined the degree of authority which he would exert over the bureaus. Apparently Graham demonstrated his intentions soon after assuming office. In October, 1850, the Washington correspondent of the *Baltimore Clipper* reported that those having business with the Navy Department would be pleased to know that Graham was determined to be his own master. Congress had authorized the building of a floating dry dock in California. When this law came up for execution, Secretary Graham was informed that routine departmental procedure required consideration of the law by the naval bureau chiefs. Four of the chiefs were known to oppose the policy of building floating dry docks and suggested that the law be ignored. "The answer to this impudent suggestion, was, an investigation by the Secretary himself of the whole subject, from its first introduction into the Department, and an order to the proper officers to prepare the requisite papers for the signature of the patentees!"[26] This episode is significant because it suggests that Graham wisely adopted the practice of seeking advice from informed persons and of studying available documents, but that he made the final decisions on departmental matters himself.

[23] Harold and Margaret Sprout, *The Rise of American Naval Power, 1776-1918* (Princeton: Princeton University Press, 1944), 93, hereinafter cited as Sprout, *Rise of American Naval Power*.

[24] Sprout, *Rise of American Naval Power*, 93; White, *The Jacksonians*, 217.

[25] White, *The Jacksonians*, 218-219.

[26] *Raleigh Register*, October 30, 1850, quoting the *Baltimore Clipper*.

It was characteristic of Graham to assimilate ideas rapidly, using his considerable analytical powers to bring order to the problems at hand. Although he lamented the lack of time (less than six months) in which to prepare his first departmental report for Congress, drawing largely on the mind of Matthew F. Maury, then head of the naval observatory,[27] Graham prepared a comprehensive document which revealed a remarkable grasp of naval affairs. After having studied Graham's annual report of 1850, the veteran North Carolina senator, Willie P. Mangum, congratulated him on mastering a new field of endeavor. Mangum praised the document as possessing "a bold originality of conception & a fearlessness of responsibility too rare in that class of State Papers. . . ."[28] Always facile with words, Secretary Graham was especially diligent in preparing state papers. In commenting on a report by Graham on coastal surveys, venerable Senator Thomas Hart Benton of Missouri called it "one of the most perfect reports I ever read—a model of a business report—and such as should carry conviction to every candid enquiring mind."[29] Not surprisingly, Secretary Graham was soon "considered by Democrats as well as Whigs, the best and safest counsellor the Pres't had except Webster."[30]

It is fortunate that the Navy Department was in the hands of such an industrious secretary because changing conditions required careful attention. The years 1840 to 1860 were a time of transition for the navy. Acquisition of territory on the Pacific coast of the continent made new naval policies mandatory. A growing commerce, especially in the Far East, necessitated a greater naval force in the Pacific. The total value of all foreign trade increased from $235 million in 1846 to $762 million in 1860. This tremendous growth in overseas commerce was a powerful stimulant to America's worldwide naval activity.[31] Also, a veritable revolution in naval technology was in progress. Controversy raged over the comparative value of sailing ships and steamships, over the merit of the screw propeller, and over the military advantages of iron versus wooden hulls for ships of war. Employment of steamers raised the problem of acquiring coaling stations in distant oceans, and improvements in ordnance threatened to revolutionize naval

[27] Career officer Matthew Fontaine Maury was a moving spirit in reforming the naval service. For some indication of his considerable influence on Graham see the letter from Maury to Graham, October 7, 1850, Hamilton, *Graham Papers*, III, 408-432; therein lies the inspiration for Graham's constructive program of personnel reforms. Maury was born in Fredricksburg, Virginia, in 1806, and was appointed a midshipman in 1825. After an accident in 1839 permanently crippled him, he was made superintendent of the Depot of Charts and Instruments, later called the U.S. Naval Observatory and Hydrographical Office. Fontaine served with the Confederacy during the Civil War; from 1868 until his death in 1873 he was professor of meteorology at the Virginia Military Institute. The author of several books and articles, Maury wrote the first textbook on modern oceanography, *The Physical Geography of the Sea* (1855). Allen Johnson, Dumas Malone, and others (eds.), *Dictionary of American Biography* (New York: Charles Scribner's Sons, 20 volumes, 1928; index and updating supplements), XII, 428-431.

[28] Willie P. Mangum to Graham, December 3, 1850, Shanks, *Mangum Papers*, V, 196.

[29] Thomas Hart Benton to Graham, February 19, 1851, Hamilton, *Graham Papers*, IV, 43.

[30] Hugh Waddell to Graham, October 24, 1850, Hamilton, *Graham Papers*, III, 464.

[31] Dudley Wright Knox, *A History of the United States Navy* (New York: G. P. Putnam's Sons, 1936), 180-181.

architecture. Lastly, the navy was beset with long-standing personnel problems: (1) the education of officers and men; (2) rank and promotion; (3) a retirement system for officers; and (4) government and discipline.[32] The success of Graham's administration of the Navy Department would depend in large part on how quickly he comprehended the issues of the day.

Secretary Graham recognized that the acquisition of California and Oregon gave an entirely new aspect to naval affairs. Protection of the long, sparsely populated Pacific coast was complicated by the inhabitants' dependence on ocean commerce. Graham urged that an effective fleet be maintained in the Pacific at all times, but this was a difficult task. The longest cruise known to navigators in 1850, from the viewpoint of time, was from the Atlantic to the Pacific ports of the United States. A ship sent to the Pacific squadron on a three-year cruise required one year in passage. In his annual reports in 1850 and 1851 Graham met these issues squarely. He recommended the establishment of a permanent Pacific fleet under the command of a rear admiral, a rank superior to any then authorized for the navy. Ships were to be built on the Atlantic coast but were to be repaired and supplied by the previously authorized floating dry dock. Crews were to be recruited on the east coast, where sailors were more

The old and the new: on the left is the side-paddle-wheel steamer *Mississippi* (1842), and on the right is the screw-propeller steamer *Princeton* (1851). Photographs supplied and reproduced by courtesy of the United States Navy.

plentiful, and transported to the west coast. According to Graham, these measures would insure an adequate Pacific fleet at a savings in time and money.[33] These proposals were sound in this time of slow communications when men were just beginning to discuss seriously an isthmus canal.

Graham was less sound on the subject of naval innovations. The most pressing technological problem of his administration was the evolution from sail to steam ships. The first serious attempt by the United States navy to build steamers came in the 1840s. The disadvantages of the side-paddle-wheel steamer *Mississippi* inspired the screw-propeller *Princeton*. Both the *Mississippi* and the *Prince-*

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[32] Charles Oscar Paullin, "Naval Administration, 1842-1861," United States Naval Institute, *Proceedings*, XXXIII (1907), 1435-1456, passim, hereinafter cited as Paullin, "Naval Administration."

[33] Graham's Annual Report, 1850, pp. 204-205; *Senate Executive Document No. 1*, Thirty-second Congress, First Session (Washington, D.C.: A. Boyd Hamilton, 1852), Part II, 5, 8, hereinafter cited as Graham's Annual Report, 1851; Graham to James Graham, Hamilton, *Graham Papers*, III, 372-373.

ton were useful ships, demonstrating both the advantages and disadvantages of steamships. They were capable of maintaining constant speeds regardless of the capriciousness of wind and seas; they were more maneuverable than ships under sail. Offsetting these advantages was the steamer's requirement of large quantities of coal, a factor which limited the operating capacity. Heavy equipment and coalbins required considerable below deck space.[34] "Old navy" men opposed the transition from sail to steam, clinging to tradition as men are inclined to do. In 1830 Lieutenant Alexander S. Mackenzie expressed the attitude of many professional officers when he wrote, "We know of no work of art, no production of human genius and human power, that in any manner rivals . . . the sailing ship."[35] Secretary of the Navy James K. Paulding wrote in 1839 that he would "never consent to let our old ships perish, and transform our Navy into a fleet of sea monsters."[36] Even Lieutenant Matthew Fontaine Maury, Graham's knowledgeable confidant, advised him in 1850 that the extent to which steam would replace canvas was still undetermined.[37] It is not surprising that William A. Graham, a naval novice, was uncertain about the advisability of a speedy conversion to steam.

Graham's official position was a cautious one. His annual report of 1850 echoed Maury by declaring that the influence of steam power was not yet certain. Noting that he did not accept the opinion that war steamers would supersede sailing vessels as ships of war, Graham was convinced that steamers would be valuable auxiliaries. The annual report included a recommendation by the bureau of construction (in which Graham concurred) that all new sailing ships be fitted for screw propellers in order to facilitate the conversion from sail to steam if circumstances warranted. No specific proposals for expansion of the steam navy were offered.[38] A year later Secretary Graham, though better schooled in naval matters, was still unconvinced of the potential of steam power. He felt that the application of steam to men-of-war remained a fruitful theme for speculation, but he warned that innovations must be carefully investigated. In light of the trend toward steam among the leading naval powers in the world, Graham demonstrated a serious lack of imagination when he suggested that two new ships, one sail and one steam, be built every year. The most promising project he proposed was that the Bureau of Yards and Docks be authorized to acquire machinery for building steam engines.[39] It is clear that Graham failed to provide the vigorous, imaginative executive leadership necessary to effect a technological revolution in the navy. Had he realized the true significance of naval innovations, however, it is still questionable whether he could have overcome the con-

[34] Sprout, *Rise of American Naval Power*, 125.

[35] *North American Review*, XXX (1844), 360.

[36] William Irving Paulding, *Literary Life of James K. Paulding* (New York: C. Scribner and Company, 1867), 278.

[37] Matthew F. Maury to Graham, October 7, 1850, Hamilton, *Graham Papers*, III, 431.

[38] Graham's Annual Report, 1850, pp. 205-206.

[39] Graham's Annual Report, 1851, pp. 9-10.

servative bias of the professional officer corps and the reluctance of Congress to spend money on the navy.

Traditionally, the United States navy had been neglected, except in times of emergency, because her role in national affairs had never been clearly defined. Most Americans considered a large peacetime navy to be extravagant. Even professional naval officers failed to grasp the strategic importance of using massed power for securing and holding regional control of the sea. At the close of the Mexican War, a war in which the navy was employed chiefly to transport and to blockade, Secretary of the Navy John Y. Mason boasted that the United States navy was smaller than that of any comparable power, considering her maritime position and the accessibility of her coast. He argued that "we need employ, in time of peace, but a few ships of war" in order to remind the world "that our flag is afloat."[40]

As the second half of the nineteenth century opened, the peacetime duties of the United States Navy were as routine as Mason's statement suggests. There were forty sailing ships and seven steamers in commission when Graham became secretary of the navy in 1850. Half of these were refitting for sea. This number included fighting ships, receiving ships, store ships, ships on harbor duty, and ships assigned to the Treasury Department for coastal survey work.[41] Six squadrons of varying sizes were maintained. There was the Home Squadron, the Brazil Squadron, the African Squadron, the Mediterranean Squadron, the Pacific Squadron, and the East India and China Seas Squadron. The chief duties of these squadrons were to protect American citizens and commerce in foreign ports, to display the American flag, to suppress the African slave trade, and to conduct voyages of exploration.[42]

Despite the unexciting functions of the navy in the early 1850s, Secretary William A. Graham's name is prominently associated with two ventures of historical significance. He did not originate the idea of sending an expedition to the Amazon, nor that of using the navy to open Japan to commerce, but he participated in both enterprises.

The idea of exploring the Amazon was conceived by the fertile mind of Lieutenant Matthew F. Maury. Maury, a southerner, was convinced that the South was overpopulated with slaves. He advocated opening the Amazon River basin to commerce, apparently hoping that agricultural expansion there might attract many of the South's Negroes. He envisioned a transfer of southern Negroes to Brazil much as he believed northern Negroes had once been shifted to the agrarian South. This transfer would render the Brazilian slave trade with Africa

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40 *Senate Executive Document No. 1*, Thirtieth Congress, Second Session (Washington, D.C.: Wendell and Van Benthuysen, 1848), 610, hereinafter cited as Mason's Annual Report, 1848.

41 Graham's Annual Report, 1850, pp. 235-239.

42 Graham's Annual Report, 1850, pp. 193-195; Graham's Annual Report, 1851, pp. 5-6.

Career officer Matthew Fontaine Maury, shown above, was a colorful and controversial figure in the history of the United States Navy. His assistance to William A. Graham, a political appointee, helped earn the latter a historian's description of him as one of the best nineteenth century secretaries of the navy. Photograph supplied and reproduced by courtesy of the United States Navy. The original portrait is in the Library of Congress.

unnecessary and eliminate a grave economic problem of the upper South.[43]

Maury's proposal of an Amazon valley exploration was discussed during the Zachary Taylor administration, but no action was taken. Secretary of the Navy Graham helped to secure the official support required for Maury's plans. Finally all was ready and on February 15, 1851, Graham issued orders detaching Lieutenant William L. Herndon from the sloop *Vandalia* (Pacific Squadron) for special duty. Herndon, with Passed Midshipman Lardner Gibbon of North Carolina, was ordered to explore the Amazon basin. A small party composed of a cook, servant, guide, and an interpreter was authorized. Caution was to be employed so as not to excite the natives, whose friendship was an unknown quantity. A $5,000 draft from the navy agent in Lima, Peru, was authorized to cover expenses entailed in securing boats, crews, and mules. Herndon was to study the climate, soil, natural resources, navigability of streams, commercial

[43] Patricia Johns, *Matthew Fontaine Maury and Joseph Henry, Scientists of the Civil War* (New York: Hastings House, 1961), 104; John Walter Wayland, *The Pathfinder of the Seas: The Life of Matthew Fontaine Maury* (Richmond: Garrett and Massie, Inc., 1930), 76-80.

development, transportation systems, and social organization of areas through which his party passed. The intention of the United States was unmistakable. Graham reminded Herndon that the purpose of the expedition was to facilitate the government's evaluation of the commercial importance of free navigation of the Amazon.[44] Though nothing of consequence resulted from the venture, his advocacy of the Herndon expedition indicates the degree to which Graham reflected the attitudes of a nation whose commercial horizons were rapidly expanding.

Plans for increasing naval activity in the Pacific and for opening Japan were also widely discussed while Graham was secretary of the navy. After having established herself on the Pacific in the 1840s, the United States turned more attention to the ocean. Adventuresome Americans had greatly expanded their trading and whaling interests in the Pacific since 1784 when the *Empress of China* first displayed the Stars and Stripes in the Orient. Estimates compiled in January, 1846, indicated that 736 ships employing 19,560 officers and men were engaged in a whaling industry valued at $10 million annually. About 200 ships and 5,000 men were occupied in the carrying trade, exclusive of the extensive China trade.[45] Clipper ships were conquering the Pacific's vastness by sailing to Hong Kong from San Francisco in thirty-seven days and from New York in ninety days.[46] It was inevitable that the government should seek to protect American ships in the Pacific and to expand her commerce there.

Americans of Graham's day exhibited a particular interest in penetrating Japan's wall of isolation, a project with important diplomatic and commercial ramifications. Although their contacts with Japan were limited, certain Americans, in a demonstration of confidence in their manifest destiny, believed that the United States could succeed in opening Japan's commercial doors where Portugal, Holland, Russia, France, and Great Britain had failed. The Japanese fever reached its peak early in 1851. On January 6 Aaron H. Palmer of Washington urged President Fillmore to send a special commissioner supported by a powerful naval squadron on a mission to Japan. About the same time Commander James Glynn, in the sloop *Preble,* arrived in New York from the East India and China Seas Squadron. Glynn brought details of his successful intercourse with Japanese officials by which he secured release of fifteen shipwrecked American sailors.[47] Commander Glynn supported Palmer by advocat-

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[44] Graham to William L. Herndon, February 15, 1851, Hamilton, *Graham Papers,* IV, 34-41, passim.

[45] James Morton Callahan, *American Relations in the Pacific and the Far East, 1784-1900* (Baltimore: Johns Hopkins Press, 1901), 84; *House of Representatives Document No. 596,* Thirtieth Congress, First Session (Washington, D.C.: Printed by the House of Representatives, 1848), 2.

[46] Edmund C. Bittinger to Graham, March 29, 1852, Hamilton, *Graham Papers,* IV, 278.

[47] For a contemporary account of Commander Glynn's voyage to Japan in the *Preble,* see the *National Intelligencer,* January 7, 1851.

ing that Japan be forced to treat with the United States. Specifically, Glynn was impressed by the need for a coaling station in Japan.[48]

The opening of Japan required the cooperation of the state and navy departments. Preoccupied by more pressing problems, Secretary Graham at first evinced little enthusiasm for a Japanese expedition. When Commodore John H. Aulick sailed in May, 1851, to assume command of the East India and China Seas Squadron, Graham felt that Fillmore's orders that Aulick negotiate a treaty with Japan were incident to the regular duties of the squadron. In January, 1852, the cabinet decided to send an expedition expressly to Japan. Aulick, ill and under the shadow of alleged misconduct, was to be replaced by Commodore Matthew C. Perry, a distinguished officer with over forty years of service. Graham, who was influential in the ultimate selection, helped plan the naval aspects of Perry's successful voyage and issued the necessary orders, but he had resigned from the cabinet before Perry sailed.[49]

Graham's failure to play a more substantial role in launching the Perry expedition was probably due to his absorption in the personnel problems of the navy. Morale in the navy, normally low in peacetime, had deteriorated to a point which threatened efficiency. Naval officers were disgruntled by inequities of rank between the army and navy and by slow promotion. Recruitment of enlisted men was difficult, partly because of low pay and partly because of the uncertainty of naval service. There was no regular body of seamen. Seamen were usually recruited for three-year periods without the assurance of retention. Petty officers were chosen arbitrarily by the officers of a ship or station. Discipline within the navy had been undermined by congressional failure to provide an alternative to flogging, which had been abolished September 28, 1850. A revision of the naval code of government was essential. Dissatisfied navy men, from the lowest seaman before the mast to the highest officer, nursed their grievances and hoped for reform. Inadequacies in the naval code and reorganization of naval personnel required Graham's close administrative attention.[50]

Secretary Graham was particularly concerned with the need to reorganize the navy's officer corps. Promotion by seniority was traditional in a peacetime navy of static size. Absence of a retirement system meant that officers tended to retain their rank until removed by death. Young, able men often resigned from the navy or had their ambitions thwarted because of poor prospects for promotion. The result was that naval efficiency was impaired by an abundance of officers

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[48] Charles Oscar Paullin, *Diplomatic Negotiations of American Naval Officers, 1778-1883* (Baltimore: Johns Hopkins Press, 1912), 246, hereinafter cited as Paullin, *Diplomatic Negotiations*; William Elliot Griffis, *Matthew Calbraith Perry, A Typical Naval Officer* (New York: Houghton, Mifflin and Company, 1890), Chapter XXVII, passim.

[49] Paullin, *Diplomatic Negotiations*, 247-252; Graham to Matthew C. Perry, March 23, 29, 31, 1852, Hamilton, *Graham Papers*, IV, 264-265, 269, 278-279; Samuel Eliot Morison, "Old Bruin," *Commodore Matthew Calbraith Perry, 1794-1858* (Boston: Little, Brown and Company, 1967), 270-289, passim, hereinafter cited as Morison, "Old Bruin."

[50] White, *The Jacksonians*, 232-246; Paullin, "Naval Administration," 1458; 9 Stat. 515, c. 80 (1850).

incapacitated by health, age, or incompetence. While the capable officer spent most of his career at sea, the incompetent one was given shore duty or furloughed at half pay. In 1848 the naval register included a commander who had not been to sea in forty-one years. One captain had been assigned to sea duty only two of thirty years in grade. Another captain who had been in the navy for fifty-four years had been on leave-of-absence pay for thirty-six years. Because of deadwood in the upper ranks and a tradition of promotion by seniority, estimates made in 1854 indicated that, under the existing circumstances, commanders would be seventy-four years old when promoted to captaincies.[51]

Graham was not the first secretary of the navy to recognize the need for a reformation of the officer corps. His three immediate predecessors had advocated the correction of an unwise promotion system. George Bancroft, in good Jacksonian style, complained that the "doctrine that advancement is due to seniority alone, irrespective of capacity for duty, places personal interests before the public good and partakes of the very essence of the worst form of an aristocracy."[52] Polk's last secretary of the navy, John Y. Mason, conceded the advantages of a promotion system based on merit but feared that judging merit would be difficult and might result in favoritism. He proposed retention of the existing system while recommending that officers unqualified for higher rank be placed on a nonpromotion list at half pay.[53] Graham's immediate predecessor was the Virginia Whig William Ballard Preston. Secretary Preston's first annual report (December, 1849) reflected growing concern over the navy's personnel problems. Demonstrating greater imagination and boldness than Bancroft or Mason, Preston recommended a reduction in the various grades of officers consistent with naval requirements. In addition, he suggested a retired list with pay for those officers unqualified for active duty. Preston's proposals were sensible, but unfortunately his plans for their implementation were vague.[54] To William A. Graham fell the task of offering a concrete reform program.

On the advice of his confidant, Matthew Fontaine Maury, Graham's first annual report (November 30, 1850) included a concise, logical discussion of the history and weaknesses of the navy's traditional officer promotion system. The growth of the officer corps had been unplanned because prior to 1842 the number of commissioned and warrant officers had been left to the discretion of the president and the secretary of the navy. The chief problem which Graham saw was the disproportionate number of officers in a navy limited to 7,500 enlisted men. After carefully analyzing the officer requirements in the existing navy, Graham concluded that the following numbers of officers were not being utilized: 26 captains, 46 commanders, 115 lieutenants, 5 surgeons, 10 passed and

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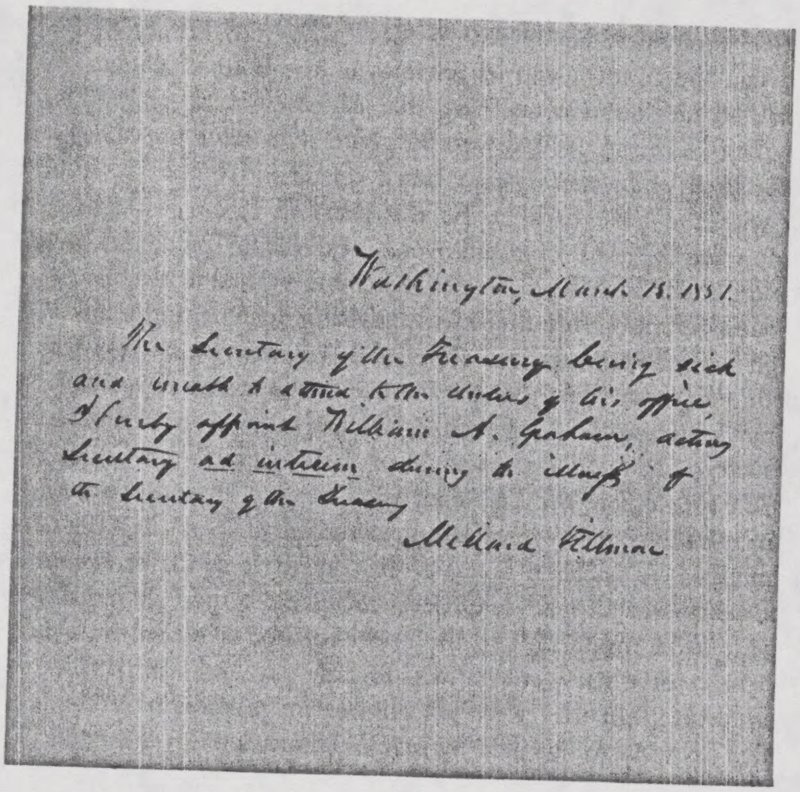
[51] Paullin, "Naval Administration," 1469-1470.

[52] *House of Representatives Executive Document No. 188*, Twenty-ninth Congress, First Session (Washington, D.C.: Printed for the House of Representatives, 1849), 439.

[53] Mason's Annual Report, 1848, pp. 611-612.

[54] *House of Representatives Executive Document No. 5*, Thirty-first Congress, First Session (Washington: D.C.: Printed for the House of Representatives, 1849), 439.



Washington, March 18. 1851.

The Secretary of the Treasury being sick and unable to attend to the duties of his office I hereby appoint William A. Graham, acting Secretary ad interim during the illness of the Secretary of the Treasury

Millard Fillmore

By this simple note, written on Senate stationery (the Senate embossment did not show up in this photograph), President Fillmore appointed William A. Graham acting secretary of the treasury. Graham also served interim appointments as secretary of the interior and secretary of war. Letter from the files of the State Department of Archives and History.

assistant surgeons, 8 pursers, 4 chaplains, and 8 passed and other midshipmen. Instead of urging an increase in enlisted men, Graham advocated a reduction in officers. At a time when the national interest indicated an expansion of naval responsibilities, he might have demonstrated more farsightedness by recommending that the imbalance be resolved by enlarging the navy.[55]

His remedy was generally unpopular among naval officers, many of whom were faced with the possibility of forced retirement. Graham was not insensitive to the problems of men whose careers would end if his plans were adopted. After saying that justice was due "to those who have devoted themselves to the service of their country," Graham proclaimed "that suitable remuneration shall be made to them for the disappointment and change in their means of livelihood."[56] A retirement system should be instituted for officers who had declined in capacity through old age or other causes. Those officers rendered incompetent by dissipation and vice were due little sympathy. "But in neither case should

[55] Graham's Annual Report, 1850, pp. 199-201.

[56] Graham's Annual Report, 1850, p. 201.

command or promotion be denied to those who must really and effectually stand between the country and its enemies in the hour of danger."[57]

Graham had no doubts concerning the justice of merit promotions, but the changes which he recommended were less bold than his retirement plan. While noting that in a promotion system based on seniority the worst officer was advanced with the most capable, he was satisfied to suggest that merit be a consideration for the rank of captain only. Promotion procedure in the lower ranks would remain unchanged. Perhaps Graham wished to establish a precedent by this modest reform before thoroughly revising ancient traditions.[58]

Although his recommendations were well received,[59] Congress was typically slow in acting on them. This was unfortunate for Graham's reputation. Not until after Graham's successors, Whig John P. Kennedy and North Carolina Democrat James C. Dobbin, had added the weight of their agitation did Congress in 1855 pass "An Act to Promote the Efficiency of the Navy." Even this act, which removed some deadweight by establishing a retired officers list, did not provide merit promotions. A selection board of fifteen officers was to examine the efficiency of officers in all grades. Officers incapable of performing duties ashore or afloat were to be dropped from the naval register or placed on a reserve list. Those on the reserve list were entitled to half pay and were subject to Navy Department orders, but they were not eligible for promotion. Vacancies created on the active list were to be filled by regular promotion "in the order of rank or seniority."[60]

Students of naval administrative history have dealt unjustly with Graham by according to Secretary James C. Dobbin credit for this law which established the federal government's first retirement system.[61] A study of Dobbin's ideas concerning naval reform reveals that his sentiments reiterated Graham's. While it is true that Dobbin sponsored the device of a selection board to weed out superannuated officers, it was Graham who propagandized the need for such action.

Another significant administrative question which interested Graham, and to which he directed public attention, was the revision of the navy's code of government. Not since 1800 had this code undergone serious review. Despite widespread opposition from the navy, flogging, long the cornerstone of naval discipline, had been abolished in September, 1850. Congress had neglected to provide an alternative to this form of corporal punishment. Graham felt that this gap in the navy's code required early repair because few recourses other than the

[57] Graham's Annual Report, 1850, p. 202.

[58] Graham's Annual Report, 1850, p. 202.

[59] Congratulating Graham on his recommendations regarding promotion and retirement, Senator Willie P. Mangum noted that he had considered the matters one entire summer, with the advice of "the most intelligent & experienced naval officers," but could never reach a satisfactory solution. Willie P. Mangum to Graham, December 3, 1850, Shanks, *Mangum Papers*, V, 196.

[60] 10 Stat. 616, c. 127 (1855).

[61] White, *The Jacksonians*, 236-240; Paullin, "Naval Administration," 1468-1472.

serious sanctions of imprisonment or death remained available to commanding officers.[62]

As time went by, Graham became more acutely aware of the need for reform. Since the abolition of flogging in the navy, confinement was the only punishment permitted without the action of a court-martial, and existing laws provided that only commanders of squadrons outside the United States could convene a court-martial. Under any other circumstances, orders from Washington were necessary. Thus the captain of a ship at sea or even the commander of the Pacific Squadron was powerless to apply promptly any punishment except confinement, regardless of the seriousness of the offence. At best confinement was an unsatisfactory punishment; however, to some men it was preferable to arduous work. The result was that the law-abiding, reliable seamen were forced to perform the work of their lazy fellows.[63]

Morale and discipline in the navy were being victimized by an anachronistic naval code. In order to prod Congress to effect revisions Graham forwarded a special report on discipline to the Senate on December 22, 1851. Twenty-two naval officers, including five squadron commanders, had responded to Graham's request of June 5, 1851, for their opinions regarding the impact of the abolition of flogging. An overwhelming majority felt that a poorer class of seamen was entering the navy; that subordination and discipline had been undermined; that orders were less promptly obeyed—if at all; and that the navy's ships were less efficient.[64] Commander John L. Saunders complained that only twice in forty years had he been compelled to enforce lawful orders at bayonet point; both times had been since the abolition of flogging.[65] Captain Josiah Tattnall vowed that since the abolition of flogging he had seen more serious crimes committed in six months than in all his previous service.[66] Of the twenty officers who expressed an opinion, all were certain that, under the existing naval code, there was no satisfactory means to restrain the troublemaker on board ship. That "our ships are no longer men-of-war . . ." was the belief of Commander John Kelly.[67] Commander Engle of the *Rendezvous* warned that disgrace and defeat would be the consequence of congressional failure to restore flogging or to provide a satisfactory alternative.[68]

With his special report on discipline which contained these gloomy predictions about the navy's future, Secretary Graham enclosed a new naval code which had

[62] Graham's Annual Report, 1850, p. 207.

[63] Graham's Annual Report, 1851, p. 11-12.

[64] Fifteen officers felt that discipline had suffered, sixteen that orders were less promptly obeyed, and seventeen that efficiency had declined. Twelve officers were convinced that a poorer class of seamen was being recruited, while eight saw no difference. *Senate Executive Document No. 10*, Thirty-second Congress, First Session, (Washington, D.C.: A. Boyd Hamilton, 1852), 1-30, passim, hereinafter cited as *Senate Executive Document No. 10*, 1852.

[65] *Senate Executive Document No. 10*, 1852, p. 10.

[66] *Senate Executive Document No. 10*, 1852, p. 27.

[67] *Senate Executive Document No. 10*, 1852, p. 28.

[68] *Senate Executive Document No. 10*, 1852, p. 8.

been prepared at his direction. A board of officers recommended two important changes to strengthen the authority of the commanding officer. Besides confinement, the new code would allow captains to punish petty officers and seamen by diminishing their rations, by putting them on a bread and water diet, or by withholding their leave. Two of these punishments might be imposed at the same time, but no punishment could exceed thirty days duration.[69] In effect, a captain's mast to impose minor penalties was proposed. Even more important than provision for a captain's mast was the section of the new code which permitted any commander of a ship to convene summary courts-martial. A summary court, consisting of three officers, could chastise offenders by ordering confinement, extra police duty, reduction in pay, loss of shore leave, a bad conduct discharge, or some combination of the these penalties.[70]

Again, it was not until 1855 that Congress acted to give captains more latitude in disciplinary matters. There was no general revision of the naval code of government. Congress passed a law on March 2 which established summary courts-martial. This law, in every detail, reflected the recommendations of the Graham administration. In most respects the wording was unchanged.[71] As with his efforts to revamp the procedures for officer promotion and to institute a retirement system, Secretary Graham's support of a revision of the naval code had served the cause of naval improvement.

William A. Graham performed his administrative duties as secretary of the navy ably, if not brilliantly. Since he was a political appointee, he was initially uninformed about naval affairs. With characteristic conscientiousness and industry he worked to overcome this weakness. He solicited the advice of the professional navy bureaucracy but kept his own counsel. When he was convinced of a project's merit, he backed it, using effectively the influence of his position and the considerable skill of his pen. It is not surprising that Graham failed to grasp the implications of the revolution taking place in naval technology. Few career officers recognized the future role of steamers or iron hulls. Predictably, Graham, an experienced administrator, was more perceptive in dealing with the personnel problems of the navy. He was certainly a moving spirit in the enlightened naval reforms of the 1850s. On balance, the judgment of the authoritative naval scholar Samuel Eliot Morison, who has characterized Graham as one of the best nineteenth century navy secretaries, seems warranted.[72]

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[69] *Senate Executive Document No. 10*, 1852, pp. 41-42.
[70] *Senate Executive Document No. 10*, 1852, p. 52.
[71] 10 Stat. 627, c. 136 (1855).
[72] Morison, "Old Bruin," 273-274.